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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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COMMISSIONERS

TOM FORESE – CHAIRMAN

ROBERT BURNS

DOUG LITTLE

ANDY TOBIN

BOYD DUNN

IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE
COMPANY FOR A HEARING TO
DETERMINE THE FAIR VALUE OF THE
UTILITY PROPERTY OF THE COMPANY
FOR RATEMAKING PURPOSES, TO FIX A
JUST AND REASONABLE RETURN
THEREON, TO APPROVE RATE
SCHEDULES DESIGNED TO DEVELOP
SUCH RETURN.

DOCKET NO. E-01345A-16-0036

DOCKET NO. E-01345A-16-0123

**COMMISSIONER BURNS' MOTION
FOR DETERMINATION OF
DISQUALIFICATION AND FOR
STAY OF PROCEEDINGS PENDING
FULL INVESTIGATION**

(EXPEDITED RULING REQUESTED)

IN THE MATTER OF FUEL AND
PURCHASED POWER PROCUREMENT
AUDITS FOR ARIZONA PUBLIC SERVICE
COMPANY

Commissioner Robert Burns hereby requests that the Administrative Law Judge take
notice of serious issues involving the potential mandatory disqualification of various
Commissioners from further participation in this matter, immediately suspend and continue the

1 hearing and other proceedings in this rate case, facilitate the expeditious and thorough
2 investigation and discovery required to determine the disqualification of Commissioners from
3 this case, and take all steps necessary to ensure the disqualification and bar from participation
4 of any Commissioner(s) determined to be disqualified under constitutional due process
5 standards.

6 In this rate request case, and particularly in this evidentiary hearing, the Commissioners
7 act in their judiciary capacity. *See State ex rel. Corbin v. Arizona Corporation Comm'n.*, 143
8 Ariz. 219, 226 (App. 1984) (“[i]n a rate-making proceeding the process by which the
9 Commission gathers evidence through evidentiary hearings and reaches its ultimate decision is
10 quasi-judicial in nature.”) Constitutional due process requirements demand that elected
11 adjudicatory officials are subject to disqualification from hearing and deciding matters in
12 which a party or its affiliates supplied the overwhelming amount of financial support for their
13 campaign, even if that support was provided independently, outside the elected official’s
14 campaign committee. *Caperton v. A.T. Massey Coal Co., Inc.*, 556 U.S. 868 (2009).

15 As the Commissioners and the Administrative Law Judge are well aware, considerable
16 reasons exist to question whether constitutional due process requirements mandate that
17 Commissioners be disqualified from this rate-making case involving Arizona Public Service
18 Company and either recuse themselves or be forced to remove themselves from participation
19 here. And, this is not a new issue to the Commissioners or ACC staff. Some of the same
20 disqualification issues were raised in ACC Docket No. E-01345A-13-0248, specifically in the
21 Application for Rehearing of Decision No. 75251 On the Ground that Commissioners Tom
22 Forese and Doug Little Should Have Recused Themselves or Been Disqualified from
23 Considering the Matter Before the Commission (the “Rehearing Application”) filed on
24 September 17, 2015 by Intervenors Renz Jennings, William Mundell and Sunrun, Inc.

25 The improper influence of a party over an adjudicatory official is a serious enough issue
26 in a simple dual-party case. But its importance is magnified in a rate-case hearing involving a
27 regulated monopoly like APS where the influence of the monopoly would prejudice the
28 thousands and thousands of ratepaying consumers the current Commissioners are

1 constitutionally duty-bound to protect. *See, e.g., Ariz. Corp. Comm'n. v. Ariz. ex rel. Woods,*
2 171 Ariz. 286, 290 (1992) ("The founders expected the Commission to provide both effective
3 regulation of public service corporations and consumer protection against overreaching by
4 those corporations." (citing *Records of the Arizona Constitutional Convention of 1910*, at 612-
5 15, 967-81). As the Supreme Court of Arizona has long noted, the Arizona framers gave the
6 Commission full power to investigate, hear and determine disputes between the utilities and
7 the general public "primarily for the interest of the consumer." *State v. Tucson Gas, Elec.*
8 *Light & Power Co.*, 15 Ariz. 294, 306-08 (1914) (holding Commission created and given full
9 power to investigate, hear, and determine disputes between utility and general public
10 "primarily for the interest of the consumer").

11 The reported facts already available for consideration in this matter suggest credible
12 reasons to investigate multiple commissioner disqualification issues. The deliberate
13 gamesmanship of APS and Pinnacle West to sabotage such inquiry provides further impetus
14 for asking why they are so fearful of disclosure about how they have attempted to work the
15 levers of government at the Commission through enormous campaign contributions. The
16 Commissioners themselves are bound by constitutional due process standards and their duties
17 to Arizona utility consumers to constantly assess their own disqualification and voluntarily
18 recuse where disqualification issues exist. Given the substantial constitutional due process
19 issues at stake for tens of thousands of Arizona ratepayers and other intervenors, the Judge
20 should immediately suspend and continue the evidentiary hearing and proceed to investigation
21 and then determination of the commissioner disqualification issues addressed below.

22 **I. The Information Currently Available Provides Substantial Reasons to Believe**
23 **Serious Disqualification Questions Exist.**

24 Reports published or available to the Arizona public express the following relevant
25 information providing substantial cause for investigation into commissioner disqualification
26 issues.

1 **A. Commissioners Forese and Little Received Substantial “Dark Money”**
2 **Financial Support in the 2014 ACC Elections.**

3 First, public reports indicate that Commissioners Forese and Little received substantial
4 independent expenditure group or “dark money” financial support dwarfing their own
5 campaign committee spending for the 2014 ACC elections, and that popular suspicion is the
6 money came from APS or Pinnacle West. More specifically, relevant reports published or
7 available through public sources include the following.

- 8 • According to multiple press reports, current Commissioners Forese and Little
9 were the beneficiaries of some \$3.2 million in “dark money” independent
10 expenditure group (“IEG”) spending on the 2014 ACC elections. [See Exhs. A-
11 C, G]. Per the press reports, the spending included “ads in support of Forese and
12 Little and hit pieces opposing their rivals.” [Exh. G].
- 13 • According to records maintained by the Arizona Secretary of State,
14 Commissioner Forese’s campaign committee spent just \$269,550.00 in
15 connection with the 2014 campaign, and Commissioner Little’s campaign
16 committee spent just \$260,573.32 in connection with that campaign. [See Exhs.
17 D and E].
- 18 • The campaign expenditure reports of the Arizona Secretary of State credit
19 Commissioner Forese with \$492,637.00 in direct, supportive IEG expenditures,
20 and Commissioner Little with \$494,138.00, far exceeding the amounts their own
21 campaign committees expended. [See *id.*]
- 22 • Various press reports indicate that the principal sources of the IEG support in the
23 2014 ACC campaigns were the Arizona Free Enterprise Club and a group known
24 as Save Our Future Now (“SOFN”). [See Exhs. F-H].
- 25 • According to press reports, “Save Our Future Now reported weeks before the
26 [2014] GOP primary it already spent close to \$1.3 million backing Forese and
27 Little and against their foes. The Arizona Free Enterprise Club spent another
28 \$420,000 on the race.” [Exh. H]

- 1 • Another media story reported that: “The Free Enterprise Club spent about
2 \$154,000 helping Forese and Little in the [2014] primary.” [Exh. G].
- 3 • Still other news media reported that Republican ACC candidate Vernon Parker
4 was the target “of an unprecedented \$832,000 attack campaign from SOFN”
5 during the 2014 campaign. [Exh. J].
- 6 • Copies of campaign advertising materials funded by the Arizona Free Enterprise
7 Club and SOFN are found at Appendix Exhibits 20 and 21 to the Rehearing
8 Application filed in ACC Docket No. E-01345A-13-0248. Those exhibits are
9 incorporated by reference here.
- 10 • According to published copies of SOFN’s various 2014 IE Corp LLC Labor
11 Notifications for the reporting period November 27, 2012 through October 29,
12 2014 [Exhs. O - AF], SOFN reported spending the following:
 - 13 ○ (6/11/2014) \$6,142.00 in connection with flyer/handouts/door hangers
14 advocating the election of Commissioner Forese and also benefitting
15 Commissioner Little;
 - 16 ○ (6/11/2014) \$6,142.00 in connection with flyer/handouts/door hangers
17 advocating the election of Commissioner Little and also benefitting
18 Commissioner Forese;
 - 19 ○ (6/26/2014) \$3,712.00 in connection with signs advocating for election of
20 Commissioner Forese;
 - 21 ○ (6/26/2014) \$3,712.00 in connection with signs advocating for election of
22 Commissioner Little;
 - 23 ○ (7/7/2014) \$1,097.00 in connection with communications advocating the
24 election of Commissioner Forese and also benefitting Commissioner
25 Little;
 - 26 ○ (7/7/2014) \$1,097.00 in connection with communications advocating the
27 election of Commissioner Little and also benefitting Commissioner
28 Forese;

- (7/9/2014) \$525.00 in connection with newspaper communications advocating election of Commissioner Forese;
- (7/9/2014) \$525.00 in connection with newspaper communications advocating election of Commissioner Little;
- (7/9/2014) \$82,406.00 in connection with mailings advocating the defeat of candidate Vernon Parker;
- (7/14/2014) \$1,800.00 in connection with communications advocating defeat of candidate Vernon Parker;
- (7/17/2014) \$29,870.00 in connection with mailings advocating the defeat of candidate Lucy Mason;
- (7/17/2014) \$29,870.00 in connection with mailings advocating the defeat of candidate Vernon Parker;
- (7/22/2014) \$625.00 in connection with communications advocating the defeat of candidate Lucy Mason;
- (7/22/2014) \$625.00 in connection with communications advocating the defeat of candidate Vernon Parker;
- (7/29/2014) \$8,700.00 in connection with TV communications advocating the defeat of candidate Vernon Parker;
- (7/31/2014) \$250,000.00 in connection with TV communications advocating the defeat of candidate Vernon Parker;
- (7/31/2014) \$4,200.00 in connection with TV communications advocating the defeat of candidate Vernon Parker;
- (8/04/2014) \$250,000.00 in connection with TV communications advocating the defeat of candidate Vernon Parker;
- (8/6/2014) \$625.00 in connection with other communications advocating the defeat of candidate Vernon Parker;
- (8/7/2014) \$625.00 in connection with other communications advocating the defeat of candidate Vernon Parker;

- (8/14/2014) \$5,000.01 in connection with TV communications advocating election of Commissioner Forese and Commissioner Little and for the defeat of candidate Vernon Parker;
- (8/14/2014) \$300,000.00 in connection with TV communications advocating election of Commissioner Forese and Commissioner Little and for the defeat of candidate Vernon Parker;
- (8/14/2014) \$1,200.00 in connection with TV communications advocating election of Commissioner Forese and Commissioner Little and for the defeat of candidate Vernon Parker;
- (8/15/2014) \$30.00 for a wire transfer fee in support of TV communications advocating the defeat of candidate Vernon Parker and advocating the election of Commissioners Forese and Little;
- (8/15/2014) \$10.00 for a wire transfer fee in connection with TV communications advocating election of Commissioner Little;
- (8/15/2014) \$60.00 for a wire transfer fee in connection with other communications advocating defeat of candidate Vernon Parker;
- (8/19/2014) \$300,000.00 in connection with TV communications advocating for the election of Commissioners Forese and Little and against candidate Vernon Parker;
- (8/19/2014) \$10.00 for a wire transfer fee in connection with TV communications advocating for election of Commissioner Little;
- (8/19/2014) \$10.00 for a wire transfer fee in connection with TV communications advocating for defeat of candidate Vernon Parker;
- (8/20/2014) \$1,200.00 in connection with “an expenditure advocating the defeat of [candidate] Parker and the election of Forese and Little” – apparently a TV ad.
- (8/22/2014) \$312.50 in connection with other communications advocating election of Commissioner Forese;

- (8/22/2014) \$312.50 in connection with other communications advocating election of Commissioner Little;
- (8/22/2014) \$625.00 in connection with other communications advocating the defeat of candidate Vernon Parker;
- (9/25/2014) \$1,500.00 in connection with emails advocating the election of Commissioner Little;
- (10/06/2014) \$400,000.00 in connection with TV communications advocating the defeat of candidate Sandra Kennedy;
- (10/06/2014) \$30.00 in connection with a wire transfer fee associated with advocating the defeat of candidate Sandra Kennedy;
- (10/7/2014) \$1,800.00 in connection with signs advocating the election of Commissioner Forese;
- (10/7/2014) \$1,800.00 in connection with signs advocating the election of Commissioner Little;
- (10/7/2014) \$14,000.00 in connection with TV communications advocating the defeat of candidate Sandra Kennedy;
- (10/9/2014) \$900,000.00 in connection with a TV ad advocating the defeat of ACC candidate Sandra Kennedy;
- (10/9/2014) \$30.00 for a wire fee in connection with efforts advocating the defeat of ACC candidate Sandra Kennedy;
- (10/14/2014) \$47,569.00 in connection with mailing advocating election of Commissioner Forese which also benefitted Commissioner Little;
- (10/14/2014) \$47,569.00 in connection with mailing advocating election of Commissioner Little which also benefitted Commissioner Forese;
- (10/14/2014) \$2,700.00 in connection with TV advertising advocating the defeat of candidate Sandra Kennedy;
- (10/14/2014) \$1,500.00 in connection with other e-mail delivered communications advocating the defeat of candidate Sandra Kennedy;

- 1 ○ (10/16/2014) \$350.00 in connection with emails advocating election of
- 2 Commissioner Forese and also benefitting Commissioner Little;
- 3 ○ (10/16/2014) \$350.00 in connection with emails advocating election of
- 4 Commissioner Little and also benefitting Commissioner Forese;
- 5 ○ (10/23/2014) \$7,000.00 for a TV media buy advocating the election of
- 6 Commissioners Forese and Little and advocating the defeat of candidate
- 7 Sandra Kennedy;
- 8 ○ (10/28/2014) \$23,897.98 in connection with mailings advocating election
- 9 of Commissioner Forese which also benefitted Commissioner Little;
- 10 ○ (10/28/2014) \$23,897.98 in connection with mailings advocating election
- 11 of Commissioner Little which also benefitted Commissioner Forese; and
- 12 ○ (10/31/2014) \$7,942.00 for auto dial phone calls advocating defeat of
- 13 candidate Sandra Kennedy.

14 Just these payments amount to over \$2.5 million in payments directly supportive of
15 Commissioners Forese and/or Little or directly adverse to opponents of theirs in the 2014
16 elections. That amounts to nearly ten times the amount of spending reported on their Secretary
17 of State summaries. [*Compare* Exhs. D-E with Exhs. O-AF]

18 The record of SOFN contributions also does not suggest some sort of loosely organized,
19 general support campaign. The expenditures appear to have been made very strategically,
20 aimed at different forms of media and messaging at different times, and aimed at specific
21 opponents at particular times. They appear, then, to be part of a well-orchestrated campaign
22 strategy, being fine-tuned and executed in real-time to play on particular campaign dynamics
23 and needs. Yet, the few facts published about the shadowy SOFN suggest no group history
24 with such high-flying, expensive and structured campaign strategy. [*See* discussion below at
25 pages 13-15]. Given the information (or lack of information) about SOFN, and its apparent
26 lack of history in this type of sophisticated electioneering, it appears dubious that SOFN
27 suddenly crafted such a detailed, fluid and effective spending strategy all on its own initiative.

1 Next, the potential that the 2014 dark money contributions through the Arizona Free
2 Enterprise Club and SOFN came from or as a result of actions by APS or Pinnacle West is
3 supported by the following.

4 **B. APS and Pinnacle West Admit Making These Types of Contributions and**
5 **Have Both the Unique Incentive and Financial Ability to Do So.**

- 6 • Few companies in Arizona would have both the financial wherewithal and
7 business interest sufficient to motivate and execute the dark money contributions
8 for the 2014 ACC elections.
- 9 • Pinnacle West has now reported through its recently published Political
10 Participation Policy that it spent millions of dollars in contributions or payments
11 to election-related or other political activity groups in 2016. [See Exh. AM].
- 12 • The Pinnacle West Political Participation Policy further admits that: Pinnacle
13 West “participates in the democratic process to advance our long-term business
14 interests and the interests of our customers, communities and shareholders,” and
15 that “[w]e may support candidates and organizations that share an interest in
16 public policy that furthers our business objectives and promotes our mission of
17 creating a sustainable future for Arizona,” and “[w]e may contribute to entities
18 organized and operating under section 527 of the Internal Revenue Code,” and
19 “*[w]e may also use our corporate funds to make independent expenditures or*
20 *to contribute to organizations engaged in lobbying or political campaign*
21 *activity or that make independent expenditures* at the federal, state or local
22 level, as permitted by law.” [Exh. AM, at ¶¶’s 1.1, 2.2, 2.4 (emphasis added)].
- 23 • Pinnacle West has admitted its financing of substantial advertising in support of
24 or against ACC candidates in the 2016 ACC elections, including substantial
25 television advertising in which it featured support for “Arizona’s Sustainable
26 Solar Team” including Commissioners Tobin, Dunn and Burns. [See also, Exh.
27 AM]. At least one report puts Pinnacle West contributions toward ensuring an
28

1 all-Republican ACC in 2016 at “nearly \$4.2 million” through “an entity it
2 created called the Arizona Coalition for Reliable Electricity.” [Exh. AN].

- 3 • In his remarks to shareholders published for a May 20, 2105 Pinnacle West
4 shareholder meeting, APS CEO Donald Brandt wrote: “In 2014, the solar
5 leasing companies went a step further supporting two candidates for the Arizona
6 Corporation Commission on an explicitly anti-APS platform. This caused us to
7 reevaluate how to ensure the interests of APS customers, employees,
8 communities and shareholders are represented in the political process.
9 Whenever we make the decision to support a candidate or cause, we follow the
10 laws regarding campaign contributions and disclosure.” [Exh. AQ].
- 11 • A media report from 2013 reported that APS “admitted this week that it had paid
12 a national conservative group to run anti-solar ads, after denying earlier in the
13 year that it was funding the campaign.” [Exh. AK]. The article stated that an
14 APS spokesman admitted the company was funding ads through the 60 Plus
15 Association, which the article described as “bashing the solar net-metering
16 policy as ‘corporate welfare.’” The article quoted APS spokesman Jim
17 McDonald as saying: “It goes through our consultant,” “but APS money does
18 ultimately fund 60 Plus and Prosper.” [Id.] Thus, APS has admitted in the past
19 using a “consultant” to get money to third party groups sponsoring political
20 policy-based advertising.

21
22 **C. The History of the Arizona Free Enterprise Club and SOFN Indicate
23 Connections to APS and Pinnacle West.**

24 The apparent history and actions of the Arizona Free Enterprise Club and SOFN also
25 point to potential support from APS and/or Pinnacle West, or consultants or proxies working
26 for them. News reports suggest connections between the two primary “dark money” sources
27 for the 2014 ACC elections and APS/Pinnacle West, including through a potential cooperative
28 connection with the Arizona Free Enterprise Club which in turn may have been the primary
source of funding to the other primary dark money advertiser, SOFN. The press reports also

1 suggest facts linking Commissioners Forese and Little as candidates to then-Commissioner
2 Bob Stump, who was carrying on communications with the individual running the Arizona
3 Free Enterprise Club and also communicating at relevant times with a key APS executive.
4 Relevant reports are as follows.

- 5 • According to a press report, shortly before the 2014 primary election, “the Free
6 Enterprise Club continues to stuff voter mailboxes with brochures supporting
7 Justin Pierce for secretary of state and the team of Tom Forese and Doug Little
8 for Corporation Commission.” [Exh. “F”] Justin Pierce’s father Gary Pierce was,
9 at the time, a sitting ACC Commissioner.
- 10 • According to another report, “[s]ince its founding in 2005, the Free Enterprise
11 Club has focused mainly on legislative races, where state tax policy is set. And
12 even that has been limited: In 2012, it ran independent-expenditure campaigns to
13 support three candidates and oppose another three. In all, it spent \$185,000. In
14 2010, its involvement was even smaller: \$47,000 for seven independent-
15 expenditure accounts.” [Exh. “F”]
- 16 • Yet, according to that same report, the Arizona Free Enterprise Club had by
17 August of 2014 expanded its campaign spending on State of Arizona races from
18 just \$185,000 in all of 2012 to some \$1.1 million in 2014. [See Exh. “F”]. One
19 report indicates that the Arizona Free Enterprise Club actually “was the state’s
20 largest dark money operation in 2014” [Exh. AG]. Yet, it had become by
21 that time “a club of one, at least in its public filings,” being headed by Scot
22 Mussi. [Exh. F]
- 23 • According to the press report, Mr. Mussi of the Arizona Free Enterprise Club
24 had earlier in 2014 “testified [at the Arizona legislature] against a bill that sought
25 to override a state Department of Revenue determination that rooftop solar
26 panels are subject to a property tax,” “[i]n what critics of the group see as
27 another sign of its alignment with APS” [Id.]

- 1 • Another news article reported that IRS records showed that the Arizona Free
2 Enterprise Club had funded SOFN substantially for the 2014 election period.
3 [Exh. AG].
- 4 • Subsequent press reports stated that ACC Commissioner Bob Stump had sent 56
5 private text messages to Barbara Lockwood, “the general manager for regulatory
6 policy at APS from July to September 2014.” [Exh. G].
- 7 • It also indicated that a private non-profit group reported that Commissioner Bob
8 Stump had sent about 180 texts to Commissioners (then candidates) Forese and
9 Little “in the months ahead of the [2014] primary”, as well as some 46 text
10 messages to Scot Mussi in June and July of 2014, and some 100 texts to Mr.
11 Mussi “from May 2014 through March of” 2015.
- 12 • According to one press report, Commissioner Forese made the following
13 comment about his communications with Commissioner Bob Stump in 2014:
14 "What would be discussed with Bob was general campaign strategy and the vast
15 majority of it was encouragement as we got through the race," [Exh. G]. Yet, the
16 same article says “Stump said he did not discuss the political campaigns with
17 Mussi, Forese and Little, who he said are all his friends.” [Exh. G]. This
18 apparent contradiction raises serious questions of veracity and completeness in
19 statements made by the involved Commissioners. Did Commissioner Stump
20 speak with Commissioner Forese about general campaign strategy as
21 Commissioner Forese is quoted as saying? And, if so, why would
22 Commissioner Stump suggest to a reporter that he had not spoken with
23 Commissioner Forese about his campaign?
- 24 • SOFN appears to have a very unclear past, make-up and mission. According to a
25 copy published by the Arizona Center for Investigative Reporting of a federal
26 Form 990-EZ for the organization for tax year 2013, (signed by the
27 organization’s President on May 12, 2014), the organization had total revenue of
28 only \$126,190 and expenses of only \$28,798 in 2013. [Exh. N]. Yet, despite

1 having so little funding and so little activity in 2013, one news report has stated:
2 “According to campaign-finance records, SOFN spent more than \$2.8 million in
3 last year's [2014] state elections. Of that, more than \$2.7 million was spent to get
4 Forese and Little onto the Corporation Commission – or, in the alternative, to
5 make sure that pro-rooftop solar candidates did not get onto the Corporation
6 Commission.” [Exh. J].

- 7 • Moreover, at least one source points out that the APS Foundation made a
8 \$181,000 donation to the ASU Foundation in 2013, and that the ASU
9 Foundation gave a \$100,000 donation to SOFN that same year. [Exh. J].
- 10 • Whether SOFN is even a fully operating entity right now appears somewhat
11 uncertain. Its current web page actually has a broken link under a heading
12 entitled “Issues Facing Arizona” and under a similar heading entitled “Ballot
13 Measures” directs visitors to a list of “2012 General Election” ballot measures
14 (the link, not surprisingly, directs one to a page on the Arizona Secretary of
15 State’s web page saying the page requested cannot be found). [Exhs. L and M].
- 16 • Apparently, a 2013 tax form lists SOFN’s President as Todd Bradford, but
17 according to at least one article, Mr. Bradford has been identified as “a realtor at
18 Homesmart who served on a local planning commission and who, when reached
19 by phone, “referred all questions to an unnamed spokesman reachable at a
20 number he gave that belonged to the Phoenix political firm Coleman and Dahm.”
21 [Exh. AI].
- 22 • According to the same article, “Joyce Downey is listed as Save our Future
23 Now’s vice president and answered the phone at Coleman and Dahm”, [Exh.
24 AI], though another source, the Sunlight Foundation, has reported the following:

25 Documents uploaded July 31 by Phoenix ABC affiliate
26 KNXV to the FCC list Todd Bradford a president and Joyce
Downey as treasurer of Save Our Future Now.

27 Tax documents filed with the IRS for 2012 list Troy Hyde as
28 the group’s principal officer. Hyde, who’s listed in state
records as president at Phoenix-based Sun Door and Trim,

1 Inc. said by phone that he was no longer involved with the
2 group. Hyde didn't use his address in the tax filing. Instead
3 the document, which certified that Save Our Future Now
4 raised less than \$50,000 in 2012, listed the mailing address
5 of Coleman Dahm & Associates.

6 Joyce Downey, the woman listed as treasurer of Save Our
7 Future Now in the FCC disclosure, has listed her role at
8 Coleman Dahm in state and federal campaign contributions as
9 consultant and "administrative assistant". Joyce E. Downey is
10 actually a veteran political operative, who was quoted in the
11 New York Times as a "close friend" of former U.S. Rep. Sam
12 Steiger when he died in 2012. She said she couldn't comment
13 on Save Our Future New because she wasn't the spokesman.

14 [Exh. AL].

- 15 • The web page for Coleman Dahm & Associates, <http://www.colemandahm.com>,
16 identifies the company as "A Public Affairs Company", and lists among its
17 services that "Coleman Dahm provides consulting to meet clients' individual
18 needs and challenges," including "developing key messages, media relations,
19 earned media and direct mail efforts." [Exh. AJ at 1]. The web page further
20 states that "Coleman Dahm specializes in managing turn-key vote by mail
21 programs . . ." and "Political Campaign Management", boasting that: "By
22 prudent use of connections, skillful and timely influence and using the most
23 advanced technologies along with proven campaign methods makes Coleman
24 Dahm a most sought after campaign management firm." [Id.]. Coleman Dahm
25 therefore purports to offer services like the "consultant" services APS claimed to
26 use to help fund the 60 Plus Association net metering adds several years ago.
- 27 • The web page for Coleman Dahm & Associates lists as one of its clients:
28 "Friends of Boyd Dunn". [Exh. AJ at 2].

29 **D. Financing by Pinnacle West is Financing by APS and Pinnacle West Has**
30 **Admitted Substantial Financial Support for the 2016 ACC Elections.**

31 Pinnacle West admits in its federal SEC filings that "[w]e derive essentially all of our
32 revenues and earnings from our wholly-owned subsidiary, APS." [See Ex. AO (excerpts of

1 Pinnacle West 10-K) at 3]. So, Pinnacle West's funds for campaign support come from APS,
2 and APS's income comes from APS ratepayers. Any financial contributions made here in
3 support of ACC election campaigns in 2014 and 2016, even by Pinnacle West, were therefore
4 made from APS ratepayer-supplied funds. APS is directly involved.

5 Nor can APS and Pinnacle West credibly claim some corporate distinction. The
6 Pinnacle West Form 10-K admits that the two companies share their President of the
7 Board/Chief Executive Officer/President (Donald E. Brandt), their Chief Accounting Officer
8 (Denise R. Danner), their Executive Vice President and General Counsel/Secretary (David P.
9 Falck), and their Executive Vice President/Chief Financial Officer/Senior Vice President
10 (James R. Hatfield). [See Exh. AO at p. 46]. According to a 1987 decision discussing the
11 corporate reorganization that resulted in the creation of Pinnacle West and APS becoming its
12 wholly-owned subsidiary, all members of Pinnacle West's Board of Directors were also
13 members of the APS Board of Directors. *Ariz. Public Serv. v. Ariz. Corp. Comm'n.*, 155 Ariz.
14 263, 265 (App. 1987). Presumably the two boards remain similarly conjoined. Finally, the
15 Arizona Supreme Court in *Arizona Public Service Co. v. Arizona Corp. Comm'n.*, 157 Ariz.
16 532, 533 (1988) upheld the Commission's powers to compel reports from APS's parent and
17 holding company (Pinnacle West). The Court expressed its concern that the Commission's
18 "regulatory authority over public utility companies would be weakened and bypassed by the
19 establishment of holding companies," and agreed that Commission power to obtain
20 information from the holding company was necessary, in part, "to safeguard against such
21 practices as the misuse of public utilities' assets or credit by a non-regulated affiliate,
22 *Id.* Thus, for decision-making and operational purposes, as well as for regulatory
23 investigations by the ACC, APS and Pinnacle West are functionally inseparable. Accounting
24 tactics cannot make a candidate think that financial support taken off Pinnacle West's books is
25 somehow disassociated from APS. Everyone in Arizona knows exactly the opposite – support
26 from Pinnacle West means support by APS as well – and APS/Pinnacle West's ubiquitous
27 spending on APS marketing and branding for civic events and/or venues makes sure that the
28 public, candidates and Commissioners know that Pinnacle West means APS.

1 As for the 2016 ACC elections, the facts linking APS and Pinnacle West to spending on
2 the 2016 Commissioner races are, as indicated above, clear. Pinnacle West has admitted its
3 direct involvement. Again, as indicated in press reports and by Pinnacle West's Political
4 Participation Policy [Exh. AM], Pinnacle West spending in support of APS interests in the
5 2016 ACC races involved many millions of dollars. Those amounts vastly exceed the amounts
6 spent by the candidates supported by Pinnacle West.

7
8 **II. Constitutional Due Process Requirements Could Compel Disqualifications Here,
and the Possibility of Disqualification Demands a Thorough Investigation.**

9 The record presently indicates that Commissioners Forese and Little benefitted
10 substantially from campaign contributions from dark money groups that exceeded the
11 candidates' own campaign committee spending almost ten-fold. That is more than enough
12 alone to tip the facts into the mandatory disqualification realm under *Caperton*. There, a much
13 lower multiple of the candidate's own spending (just about three times the amount spent by the
14 elected official's committee) created a "serious risk of actual bias" and required recusal on due
15 process grounds. *Caperton*, 556 U.S. at 884. Under the *Caperton* standard, "[t]he inquiry
16 centers on the contribution's relative size in comparison to the total amount of money
17 contributed to the campaign, the total amount spent in the election, and the apparent effect
18 such contribution had on the outcome of the election." [*Id.*] These factors in connection with
19 the 2014 election of Commissioners Forese and Little would warrant a mandatory finding of
20 "a serious risk of actual bias" by those Commissioners in any matter heard by them in which
21 the entity funding the dark money support was a party. If the funding party were
22 APS/Pinnacle West as is suspected, they would be required to recuse themselves from
23 participation in this rate proceeding.

24 Moreover, the relevant facts here do not end with mere inquiry into the amounts spent
25 by Pinnacle West or APS in support of their favored candidates. Rather, if there is even a hint
26 of coordination or cooperation between the funding parties and the candidates, or the
27 consultants or proxies for the funding parties and the campaigns or supporters of the
28 candidates, the disqualification issues become that much more fixed and inarguable. The

1 proof moves from an unacceptable risk of bias to actual bias. Even a message sent indirectly
2 on behalf of a candidate or campaign suggesting to the Arizona Free Enterprise Club or SOFN
3 or people communicating with them what types of campaign efforts might be needed or
4 appreciated would create implications of coordination for election law purposes, making them
5 equally material to the disqualification inquiry. *See, e.g., FEC v. Christian Coal.*, 52 F. Supp.
6 2d 45, 96 (D.D.C. 1999) (upholding against summary judgment challenge Federal Election
7 Commission coordination allegations that a senior member of the independent group discussed
8 with candidate's campaign manager what issues should appear on the independent group's
9 voter guide, and fact that independent group provided a copy of a mailing list to a "campaign
10 consultant" but not any volunteer for the campaign).

11 Under the Arizona election law applicable during the 2014 and 2016 election cycles, an
12 election communication could be considered "coordinated" and not "independent" if: 1) the
13 communication was created, produced or distributed after one or more substantial discussions
14 about the communication between the person paying for the communication or their agents
15 and either the candidate, the candidate's committee, any agent of the candidate or their
16 committee, or even the candidate's opponent or opponent's committee; 2) the candidate or one
17 of their agents were materially involved in any decisions about the content, intended audience,
18 means or mode of communication, media outlets to be used, or timing or frequency of the
19 communications; 3) the person paying for the communication employs as a vendor for the
20 communication someone who is currently providing or has within the past 120 days also
21 provided services to the candidate that puts the vendor in a position to acquire information
22 about the campaign plans, projects, activities or needs and that the vendor then uses; 4) the
23 communication was created, produced or distributed at the suggestion of the person paying for
24 the communication but an agent of the candidate or their campaign committee signaled assent
25 to the suggestion; or 5) someone who has been a contractor or agent for the candidate's
26 campaign committee within the previous 120 days uses or conveys material information about
27 the plans or needs of the candidate's campaign to the person paying for the communication or
28 their agent. *See A.R.S. § 16-917(C)* (2014) (repealed effective November 5, 2016); *Horne v.*

1 *Polk*, No. 1 CA-CV 14-0837, 2016 Ariz. App. Unpub. LEXIS 214, at *7 (App. Feb. 23, 2016)
2 (noting the applicability of federal guidelines under 11 C.F.R. § 109.21 (2010) providing
3 guidance “as to coordinated communications and independent expenditures” to interpreting
4 parallel Arizona election law on independent versus coordinated contributions.) There is thus
5 an incredible variety of ways in which the dark money spending in 2014, or even Pinnacle
6 West’s more open spending in 2016 could be considered “coordinated” with a commissioner’s
7 campaign.

8 For instance, consider the possibility that a Commission candidate’s committee uses a
9 printer for mailed materials, or a broker or buyer for TV or radio advertising, and the Arizona
10 Free Enterprise Club or SOFN just “happened” to use the same printer or broker who in turn
11 just “happened” to know the candidate’s committee was desirous of flyers targeting a
12 particular location or opponent, or would appreciate a large TV ad campaign targeting a
13 particular opponent, and the printer or broker just “happened” to suggest to the Free Enterprise
14 Club or SOFN that their money might be best spent on those types of campaign efforts.
15 Improper coordination may be found. Or imagine a close associate of the Free Enterprise
16 Club’s management just happens to learn over lunch with a supporter of a Commission
17 candidate that the candidate was really happy with the vast amount of TV advertising their
18 campaign had enjoyed from independent groups in the primary, and very much hopes it
19 continues in the run-up to the general election. No matter how carefully constructed such
20 interactions are to put distance between the original funding source and the candidate, they can
21 raise serious issues of campaign coordination. Such issues would extend the reasons for
22 disqualification far beyond the mere risk of bias issues mandating disqualification in *Caperton*.
23 They deserve a thorough investigation.

24 Here, the facts uncovered by media reporting alone suggest there may well be details to
25 confirm that candidates or their campaigns, proxies or supporters were aware of, supportive of,
26 or encouraging of the dark money support in 2014. Consider just the implications of former
27 Commissioner Stump’s text messaging of candidates Forese and Little and Mr. Mussi of the
28 Arizona Free Enterprise Club and APS’s Lockwood, apparently in advance of or during

1 periods when active spending was occurring. Consider also that APS has admitted using a
2 “consultant” in the past to funnel monies into political advertising, and yet its spokesperson
3 had errantly denied the same, claiming afterwards that he was not aware of APS’s involvement
4 when he denied the funding earlier. A reasonable investigator cannot ignore this past practice,
5 but should assume that this historic use of a “consultant” as a proxy to transmit or direct
6 substantial political advertising funds and yet create plausible deniability for the corporate
7 spokesperson may be precisely a method used in 2014 or later, especially when the 2014 ACC
8 election funding appears so suspicious.

9 The Administrative Law Judge must also consider that APS and Pinnacle West have
10 suspiciously refused to disclose whether they had a part in the 2014 funding, and instead have
11 played legal games to try and avoid that disclosure while they expedite their pending rate
12 request. The Judge can take notice of the fact that APS and Pinnacle West would be forced to
13 disclose everything about any role they had in the 2014 election funding if they answered fully
14 Commissioner Burns’ pending subpoenas and deposition demand. But instead of answering
15 the inquiry directly and forthrightly, APS and Pinnacle West filed a lawsuit seeking to stop the
16 inquiry. [Maricopa County Superior Court Case No. CV2016-014895]. Then, when
17 Commissioner Burns prepared to answer and counterclaim to have his constitutional rights to
18 enforce the subpoenas confirmed, they abruptly withdrew the lawsuit, forcing him to start a
19 new action (currently pending as Maricopa County Superior Court Case No. CV2017-001831).
20 And now, when they are called upon in court to answer Commissioner Burns’ arguments about
21 their obligations to respond to his subpoenas, they have moved to dismiss claiming that,
22 despite their having told the same court previously it was the right place to answer their
23 subpoena challenge, now the ACC is instead the right place to have that answered.

24 These cat and mouse tactics exhibit not only a strong desire to avoid ever having to
25 answer what they did in 2014, but a willingness to try and use Commissioners they are accused
26 of supporting with vast financial backing to help them keep things hidden. The Judge should
27 also consider the hypocrisy involved in Pinnacle West’s recent revelations through its Political
28 Participation Policy about recent campaign and political activity spending, and its touting

1 publicly of its desire to act openly and transparently in its political spending. [See Exh. AP].
2 Given APS's and Pinnacle West's apparent new-found commitment to transparency in election
3 spending, one must logically ask, why do you apply such an aggressive exception to
4 transparency for what you did in 2014? There are perhaps many answers, but at least some of
5 them suggest there are bigger things to hide than just that APS or Pinnacle West were the
6 source of funds in 2014.

7 The Judge should also consider the fact that the spending by SOFN was careful,
8 dynamically timed and strategically focused on particular opponents of Commissioners Forese
9 and Little. The type of advertising funded by the Arizona Free Enterprise Club also appears
10 carefully thought-out and tactical. These matters appear precisely the type of calculated
11 spending that a "consultant", armed with detailed knowledge of campaign needs and
12 strategies, would employ, and the type of spending that might logically be coordinated through
13 proxies for a campaign and supporter. Any such activity raises red flags about potential
14 unlawful coordination with a campaign or its proxies. Based on all the reports discussed
15 above, there exists good cause to investigate whether any such direct, indirect or even implicit
16 coordination happened in connection with the 2014 spending, and to suspend proceedings so
17 the facts central to such disqualification issues can be uncovered.

18 In addition, even the 2016 election support Pinnacle West offered certain
19 Commissioners needs to be investigated fully. Commissioner Burns has noted to the Superior
20 Court already his belief that Pinnacle West's inclusion of him in its independent expenditure
21 advertising was a crafty, manipulative scheme designed to potentially cast him as a hypocrite
22 in the eyes of voters, knowing that if Pinnacle West failed and he won the election, their
23 extensive support of candidates Tobin and Dunn might render Commissioner Burns a minority
24 of one. To the extent Commissioners Tobin and Dunn were not similarly chagrined by the
25 open and heavy financial support of Pinnacle West, or they or their proxies welcomed or
26 favored the support, the *Caperton* rules would also require a searching inquiry about their
27 disqualification in APS matters.
28

1 Finally, the Judge must keep in mind also that the other Commissioners have already
2 acted to thwart Commissioner Burns' inquiries into these matters that might prove their
3 disqualification. First, in August, 2016, other Commissioners voted to void a contract the
4 ACC had executed with attorney Scott Hempling intended to help conduct the investigation
5 needed into APS or Pinnacle West funding of activities related to ACC elections. Then, on
6 March 14, 2017, the Commissioners voted to end funding for Commissioner Burns' outside
7 counsel, disingenuously suggesting that there was no longer any need for Commissioner Burns
8 to be represented in his attempts to have APS and Pinnacle West comply with his subpoenas in
9 this case. The Commissioners were, and are, aware that APS and Pinnacle West continue to
10 refuse to comply fully with Commissioner Burns' subpoenas. They know this refusal made
11 resort to the courts necessary and proper. Their attempts to stop further inquiry by denying
12 Commissioner Burns' resources he needs to proceed should be viewed with great skepticism,
13 particularly given the facts laid out above.

14 Moreover, at the March 14, 2017 staff meeting Commissioner Forese oddly broke with
15 ACC precedent and refused to table the discussion of the contract for Commissioner Burns'
16 counsel in a targeted move at Commissioner Burns, suggesting he was trying to be
17 obstructionist. The item had only been put on the agenda a day earlier, no explanation had
18 been provided to Commissioner Burns about exactly what was going to be discussed, and
19 Commissioner Burns' pointed out his Policy Advisor was out of the country. He was hardly
20 being obstructionist. Moreover, a news article from the Arizona Capitol Times in June, 2016
21 reported that when Commissioner Little took an item Commissioner Tobin had placed on an
22 ACC agenda off it was just business as usual. "Commissioner Bob Stump said holding an item
23 to iron out details, especially one with broad policy changes, is standard procedure at the
24 commission. Typically, a commissioner is allowed to request an item be held one time. Stump
25 said in his seven years as a commissioner, he's likely seen hundreds of items held." [Exh. K].
26 The fact that Commissioner Forese so quickly and insultingly refused Commissioner Burns'
27 reasonable and standard request for a delay suggests a desperation to get in Commissioner
28 Burns' way on the investigation.

1 There is no obvious and just reason a Commissioner, bound to protect the consumers
2 subjected to APS's rates and obligated to honor the due process standards that govern
3 disqualification, would try to subvert an investigation into the critical issue of Commissioner
4 disqualification. A Commissioner committed to the law our nation's and our state's founders
5 put in place for the protection of parties to government proceedings should rather welcome
6 disclosure of their interests and interactions with a party appearing before them so that the
7 consumers, the voters, and the public at large can be assured that the Commission is behaving
8 with the independence, objectivity and lack of bias commanded by our constitutional founders.
9 The Commissioners took the oath to uphold the constitution; playing procedural games to
10 allow APS and Pinnacle West to hide their interactions with Commissioners, their campaigns
11 or their proxies violates that oath. Abiding and assisting in the disqualification investigation is
12 the proper way to honor it.

13 **III. The Judge Must Suspend the Proceedings to Allow a Full Investigation and**
14 **Exploration of the Disqualification Issues.**

15 There can be no reasonable dispute that good cause exists to fully and fairly investigate
16 APS's and Pinnacle West's financial support regarding ACC campaigns in 2014 and 2016 and
17 determine the disqualification of the Commissioners who benefitted from it. Not doing so
18 immediately risks allowing constitutionally disqualified commissioners to participate in the
19 hearing and decision in violation of Due Process prohibitions. At a minimum, this would
20 require the ACC to vacate any decisions made and proceedings completed prior to a
21 determination of cause for disqualification, and at worst it would allow invalid decisions to be
22 made by disqualified Commissioners which impose millions of dollars in charges on Arizona
23 consumers for the direct benefit of a regulated monopoly that would have been responsible for
24 the disqualification. Proceeding risks resources, violation of constitutional rights and
25 obligations, and prejudice of Commissioner rights, consumer rights, and intervenor rights.

26 Thus, the only appropriate solution at this point is to suspend proceedings in this rate
27 case and move immediately to expedited proceedings investigating the disqualification issues.
28 Commissioner Burns respectfully requests that the rate case be suspended and continued, and

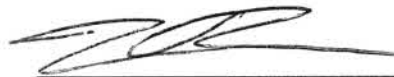
1 that the Judge facilitate the immediate and full investigation, on an expedited basis, of all
2 relevant disqualification issues concerning financial contributions to, or support by APS or
3 Pinnacle West or their affiliated or financed groups or consultants of, campaigns of current
4 Commissioners in 2014 and 2016.

5 In the alternative, and at a minimum, even if the Judge were to proceed with any
6 hearing proceedings over Commissioner Burns' objections, he requests that the Judge facilitate
7 the immediate investigation, on an expedited basis, of all relevant disqualification issues
8 concerning financial contributions to, or support by APS or Pinnacle West or their affiliated or
9 financed groups or consultants of, campaigns of current Commissioners in 2014 and 2016.

10 Given the pendency of the hearing in this rate case, and the deadline by which APS
11 requests it be completed, time is of the essence. Commissioner Burns therefore requests that
12 his requests be addressed immediately. He further notes that given the seriousness of the
13 disqualification issues, the Administrative Law Judge is empowered to act *sua sponte*, without
14 further briefing, and suspend proceedings. If no action on these requests is immediately
15 forthcoming, Commissioner Burns preserves his rights to seek immediate judicial intervention
16 on the matters raised here.¹

17 DATED this 27th day of April, 2017.

18 BASKIN RICHARDS PLC

19 

20 William A. Richards

21 Alan Baskin

22 2901 North Central Avenue, Suite 1150

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24 Attorneys for Commissioner Robert

Burns

25 ¹ As with his last filing, nothing in this filing signals Commissioner Burns' assent that the
26 requests for relief here must be made first in any administrative proceeding or before the
27 Commission. He has filed this motion in the hope that the seriousness of the issues raised and
28 justness of the stay and investigation he demands will encourage the Judge and the
Commissioners to honor and fully cooperate with his requests without having to seek judicial
intervention that would otherwise be his right and duty to seek.

1 ORIGINAL and thirteen (13) copies
2 of the foregoing filed in Docket Nos.
3 E-01345A-16-0036 and E-01345A-16-0123
4 this 27 day of April, 2017 with:

5 Docket Control
6 ARIZONA CORPORATION COMMISSION
7 1200 West Washington Street
8 Phoenix, AZ 85007

9 **CERTIFICATION OF SERVICE**

10 On this 28 day of April, 2017, the foregoing document was mailed on behalf of
11 Commissioner Burns to the following who have not consented to email service. On this date,
12 or as soon as possible thereafter, the Commissioner's eDocket program will automatically
13 email a link of the foregoing document to the following who have consented to email service:
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EXHIBIT A

Motion filed to stop Commissioners from ruling in APS solar case; accusations of bias

BY: Lauren Gilger

POSTED: 3:48 PM, Sep 17, 2015

UPDATED: 10:10 AM, Oct 9, 2015

TAG: state

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UPDATE 10/7/15 --

The Corporation Commission has rejected the claims of bias made in this complaint.

The Commission let the 20-day time limit expire, so the filings are considered denied.

Commissioners Tom Forese, Doug Little and Bob Stump said in a filing that they were unbiased in all aspects of the August hearing in which the Commission allowed APS to move forward with their request to raise rates for rooftop solar customers.

Forese wrote, "After a thorough review of the record, and having fully considered these matters, I have determined that there are no grounds for disqualification or recusal that would prevent me from participating in this decision."

APS dropped its request to raise rates before its next rate case hearing, though, after these allegations were made.

Commission Chairman Susan Bitter Smith said the Commission may take up APS's request to drop the issue at its October 20 Open Meeting.

close

process in Arizona Public Service's solar net metering case, accusing them of being biased because they allegedly benefitted from "massive donations" from Arizona Public Service (APS) during their 2014 campaigns.

Bill Mundell and Renz Jennings, a Republican and a Democrat respectively, filed the motion with the ACC on Thursday, along with solar company SunRun, Inc.

SunRun also filed a separate motion to recuse Commissioner Bob Stump, as well, citing allegations that he "repeatedly indicated pre-judgment of issues before him involving rooftop solar," according to a press release.

The motion against Forese and Little, filed by attorney and former Tempe Mayor Hugh Hallman, accuses them of benefitting from millions in dark money spent in the 2014 election.

Dark money groups spent about \$3.2 million in ads for Little and Forese and in attack ads against their opponents. It's widely believed that the money was supplied by APS or its parent company, Pinnacle West.

APS has not responded to claims that it was behind the campaign donations to the two candidates, but has defended its right to be involved in the political process.

Barbara Lockwood, General Manager of Regulator Affairs and Compliance for APS, said in a statement that this is part of a larger tactic by some rooftop solar companies to delay Commission actions so rooftop solar companies can continue making profits now.

"This latest ploy by SolarCity and Sunrun doesn't surprise us at all – it is more of the same to try to divert attention from serious policy discussion and decisions about issues critical to the energy future of Arizona," she said in the statement. "It's not just happening in Arizona, it's the "playbook" these companies are deploying across the country, from Florida to Wisconsin to Nevada."

Last month, the ACC allowed APS to continue with their net metering case, after the company requested to raise fees on rooftop solar customers.

close

The ACC is an elected five-member commission that regulates water, gas, power and other companies that hold monopolies in the state, including APS.

On a conference call about the motion Thursday, former Commissioners Jennings and Mundell said they were concerned about the dignity and integrity of the Commission.

They said public perception is clear that APS was behind the dark money in the 2014 election, and that the public has a right to know if the decision-makers on the ACC are “fair-minded and unbiased.”

“There’s something quite distressing about the idea of a utility picking its own regulators,” Jennings said.

The two former Commissioners also said they are concerned about disclosure.

Hallman said the former Arizona Supreme Court Justice Thomas Zlacket issued an opinion that the Arizona Constitution clearly permits the ACC to force APS to disclose its political spending.

A spokesperson for the ACC said because this is a pending matter before the Commission, it would not be appropriate for them to comment at this time.

Forese’s office didn’t immediately return calls and Little’s office said he was not commenting at this time.

This is the latest in a series of issues that have embroiled the ACC in controversy.

Commissioner Bob Stump is under investigation by the Arizona Attorney General because of accusations that he exchanged text messages with APS executives during the 2014 campaign.

And, earlier this month, another attorney filed a complaint with the Attorney General’s Office calling for Commissioner Susan Bitter Smith to be removed from office because of conflicts of interest.

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Dark Money Drama Is Playing Out At The Arizona Corporation Commission Ahead Of Primary

By [Will Stone](#)Published: Thursday, August 25, 2016 - 6:26am
Updated: Thursday, August 25, 2016 - 10:06am

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This year's race for Arizona's public utilities commission might as well be called the "dark money drama."

00:00

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(Photo via azcc.gov)
Arizona Corporation
Commission

Controversy has rocked the commission, much of it centered on the influence of outside actors like the state's utilities and the rooftop solar industry. There are seven candidates running for three seats this year—two are Democrats—so there will only be one primary.

"This cloud has been hanging over this commission," Commissioner Bob Burns said at recent [Arizona PBS debate](#). "It all starts with \$3.2 million perceived to have been spent by a regulated utility to get people on the commission."

Arizona Public Service (APS) is widely believed to have made so-called "dark money" contributions to support the 2014 campaigns of Commissioners Tom Forese and Doug Little. It's become the central question of this campaign season, and the cause célèbre of Burns, who is running for re-election.

As a commissioner, Burns has repeatedly asked APS and its parent company Pinnacle West to disclose its political spending. So far the company's CEO has refused. Now Burns plans to subpoena them.

So where do the four other candidates in the GOP primary stand on this issue?

"You can call it dark money or you can call it free speech," State Representative Rick Gray said at that debate, citing the Citizens United Supreme Court decision on corporate spending.

"If a company has private profits, it is up to them as far as I'm concerned where to spend it," he said.

He said a company should not have to disclose that information, either. Gray is not alone in his convictions. Former state senator and ally Al Melvin has said the same and criticized Burns for insinuating that two current commissioners are in the pocket of APS.

"I think we do have regulatory capture, but it's the solar industry and him (Burns)," Melvin said.

Indeed, the group Save Our AZ Solar, which received money from a Solar City-backed group, has openly supported Burns with robocalls and ads, saying "Burns is working to protect Arizona families against big electric companies and special interests."

In response, Burns has said he'd prefer the solar industry stay out of the election but ultimately, because these are independent expenditures, he has no control.

Current commissioner Andy Tobin is the third member of the Melvin-Gray-Tobin team. Tobin, the former speaker of the state house, was appointed this year. He and other commissioners recently suspended Burns' APS probe, saying the attorney chosen had questionable ties to the solar industry.

"Go file your subpoena, Bob. I've said that ten times, go file it," Tobin said during the August meeting. "I'm not stopping you."

Tobin also posed this question to Burns: "I'm trying to figure out— is it just because Pinnacle West isn't reporting? Or (Burns) doesn't want the money spent?"

Tobin has repeatedly lamented that this issue has "owned" the campaign conversation.

Burns has asked all regulated utilities to voluntarily refrain from spending in elections. APS has refused to do that.

The final candidate— former Superior Court Judge Boyd Dunn— also does not believe APS should have to disclose, although he is less outspoken than the other candidates.

"These allegations are being made before the dais, on the dais, between the members and things of that sort, without any basis whatsoever other than the principle itself," Dunn said.

The Corporation Commission's powers are extensive and unique. It's a quasi-judicial agency responsible for everything from your water and power bills, to securities, to the future of renewable energy in Arizona.

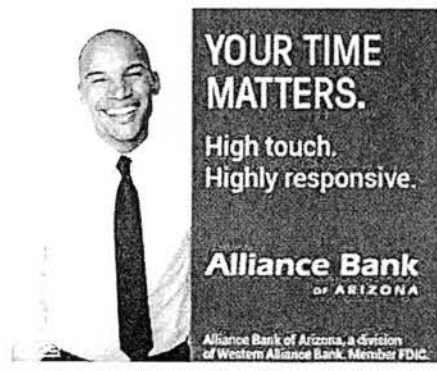
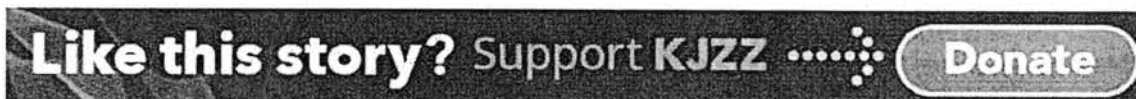
As scandal has plagued the commission, like resignations over conflicts of interest, fight over rooftop solar and even an FBI probe into the last election, the GOP primary has become a kind of litmus test: how will these candidates restore the public's trust?

It's also drawn fault lines in the conservative ranks as evidenced in a recent exchange between Melvin and Burns during this month's debate.

"We've got two Democrats running for these three seats who really like what they are hearing from Bob. It's like a three man team against the four of us," Melvin said.

To which former state Senate President Burns replied: "Here's the A-team. APS team. These guys are on APS' side."

The top three candidates in Tuesday's Primary will advance to the general election where voters will decide who they want on their team.



All Things Considered

Tuesday at 3 p.m.





When James Forman Jr. was a public defender he realized that black officers took the same "lock 'em up" approach as white cops. Forman's new book "Locking Up Our Own."

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Dueling gun bills at the Arizona capitol have enough support to block background checks on private sales. bit.ly/2pe2Nux

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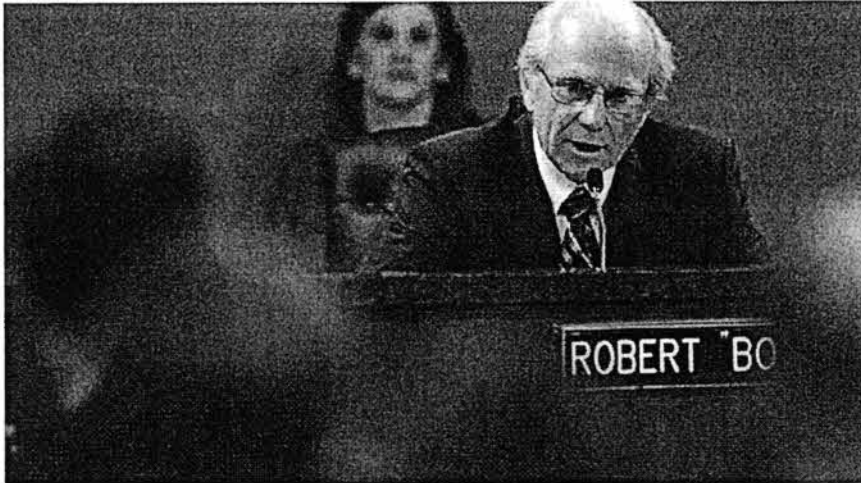
EXHIBIT C

Roberts: Bob Burns launches investigation into APS

LAURIE ROBERTS (WWW.AZCENTRAL.COM/VIEWPOINTS/LAURIEROBERTS/)

Laurie Roberts (<http://www.azcentral.com/staff/25817/laurie-roberts/>), The Republic | azcentral.com

Published 3:18 p.m. CT Aug. 2, 2016 | Updated 4:48 p.m. CT Aug. 2, 2016



(Photo: David Wallace, David Wallace/The Republic)

Arizona Corporation Commissioner Bob Burns on Tuesday launched an investigation into whether two of his fellow commissioners are [APS sock puppets](http://www.azcentral.com/story/opinion/op-ed/laurieroberts/2016/06/01/roberts-aps-petitions-its-puppets-rate-hike/85249960/) ([/story/opinion/op-ed/laurieroberts/2016/06/01/roberts-aps-petitions-its-puppets-rate-hike/85249960/](http://www.azcentral.com/story/opinion/op-ed/laurieroberts/2016/06/01/roberts-aps-petitions-its-puppets-rate-hike/85249960/)).

Burns has hired attorney Scott Hempling to "conduct an independent analysis of stakeholder strategies and actions upon the commission, its proceedings and its decisions."

He's calling it "Inquiry into Influences on Electricity Regulation in Arizona."

Or put another way, Inquiry into Whether APS Bought Itself a Pair of Regulators.

"This needs to be out in the open whatever it takes to get it there," Burns told me.

Burns said the investigation will extend beyond political contributions to also consider the influence utilities exert on commission through lobbying, charitable contributions and branding.

I'm awaiting comment from APS.

Investigator's report due Dec. 15

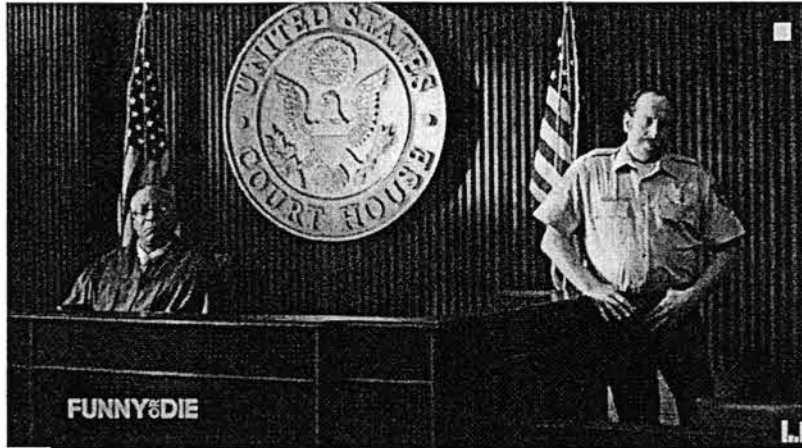
Burns, a Republican who is up for re-election, has been trying since last year to [find out whether Arizona Public Service](http://www.azcentral.com/story/money/business/energy/2016/01/28/arizona-utility-regulator-investigation-aps-political-spending/79477344/) ([/story/money/business/energy/2016/01/28/arizona-utility-regulator-investigation-aps-political-spending/79477344/](http://www.azcentral.com/story/money/business/energy/2016/01/28/arizona-utility-regulator-investigation-aps-political-spending/79477344/)) or its parent, Pinnacle West Capital Corp., secretly spent \$3.2 million to get fellow Republicans Tom Forese and Doug Little elected in 2014.

APS in December rebuffed Burns' demand that the utility open its books to show whether it bankrolled the dark-money campaign, contending it has a First Amendment right to conceal its political spending on commission races. This, despite the fact that the law allows a single commissioner to examine the records of regulated utilities.

ROBERTS: [FBI comes calling, now commission needs ethics? \(/story/opinion/op-ed/laurieroberts/2016/06/20/roberts-fbi-comes-calling-now-suddenly-corp-needs-ethics/86050766/\)](http://story/opinion/op-ed/laurieroberts/2016/06/20/roberts-fbi-comes-calling-now-suddenly-corp-needs-ethics/86050766/)

Attorney General Mark Brnovich in May affirmed that Burns has the authority to go after the records. So now Burns is ready to proceed, hiring Hempling to investigate "possible uneven influence at the commission."

ADVERTISING



According to the scope of work, Hempling is being asked to examine accounting records of utilities "to understand their sources and destinations of funds used to gain influence, if any through means as charitable contributions, campaign spending, lobbying and branding."

He also is to interview utility executives and others "preferably voluntary but via subpoena where necessary and permissible."

He is to report his findings by Dec. 15.

The big, unanswered question

The question now: Will the other four members of the commission move to block Burns' investigation by cancelling Hempling's contract?

Coincidentally, Commissioner Andy Tobin last month put an item on its July 12 staff meeting agenda, requesting that the commission meet privately to get legal advice related to contracts. But the item was removed.

Possibly because Burns had not yet signed a contract and thus there was nothing to try to cancel?

We'll see if that comes back this month.

We'll also see how it plays on the campaign trail. Burns is among five Republicans and two Democrats running for three seats on the five-member Corporation Commission.

Burns and the two Democrats, Bill Mundell and Tom Chabin, have vowed to get to the bottom of whether APS secretly spent millions to ensure that Forese and Little landed on the commission in 2014.

The other four Republicans – Tobin, Rick Gray, Al Melvin and Boyd Dunn – don't seem concerned about the prospect of APS ([/story/opinion/op-ed/laurieroberts/2016/08/01/roberts-cleaning-up-corporation-commission-one-easy-step/87756756/](http://story/opinion/op-ed/laurieroberts/2016/08/01/roberts-cleaning-up-corporation-commission-one-easy-step/87756756/)) covertly campaigning to select friendly regulators.

Burns says public distrust of commission has repeatedly come up when meeting with voters. He says all regulated utilities should be required to report their political spending on commission races.

"There needs to be a real-time reporting mechanism so that voters and ratepayers know when it happens what's going on," he said.

He's right, of course.

But can you imagine our current crop of regulators opening the blackout curtains?

Read or Share this story: <http://azc.cc/2az0ibw>

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EXHIBIT D

Filer Name:
Forese For Arizona

Candidate Name:
Forese, Tom III

Office Sought:
Corporation Commissioner

[More >>](#)

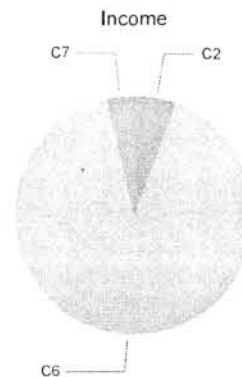
Status:
Terminated

Party:
Republican

Last Reported:
9/27/2015

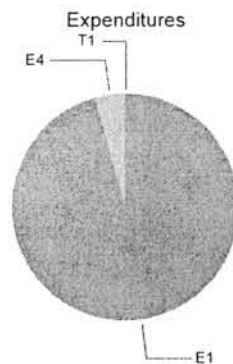
Year:
2014

Income for period 11/27/2012 to 11/24/2014	Amount
Personal and Family Contributions (C1)	\$0.00
Individual Contributions (C2)	\$15,460.00
Contributions from Political Committees (C3)	\$0.00
Business Contributions (C4)	\$0.00
Small Contributions (C5)	\$0.00
CCEC Funding (C6)	\$243,955.00
Qualifying Contributions (C7)	\$10,135.00
Loans Made to this Committee (L1)	\$0.00
Other Receipts incl. Interest & Dividends (R1)	\$0.00
Transfers from Other Committees (T1)	\$0.00
Cash Surplus from Previous Committee (S1)	\$0.00
Total Income	\$269,550.00



■ Individual Contributions (C2) ■ CCEC Funding (C6) ■ Qualifying Contributions (C7)

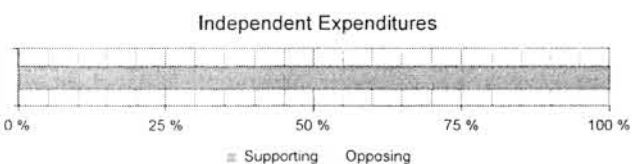
Expenditures for period 11/27/2012 to 11/24/2014	Amount
Operating Expenses (E1)	\$257,897.86
Independent Expenditures (E2)	\$0.00
Contributions to Other Committees (E3)	\$0.00
Other Expenses (E4)	\$11,342.14
Transfers to other Committees (T1)	\$310.00
Loans Made by This Committee (L2)	\$0.00
Expenditure of In-Kind Contributions (C8)	\$0.00
Disposal of Surplus Cash (S1)	\$0.00
Total Expenditures	\$269,550.00
Bill Payments for Previous Expenditures (D1)	\$0.00
Total Disbursed	\$269,550.00



■ Operating Expenses (E1) ■ Other Expenses (E4) ■ Transfers to other Committees (T1)

Cash Balance as of 11/24/2014	\$0.00
-------------------------------	--------

Independent Expenditures for to	Amount
Supporting Candidate	\$492,637.00
Opposing Candidate	\$0.00



[Reports Filed](#)

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EXHIBIT E

Filer Name

Doug Little for Arizona Corporation Commission[More >>](#)

Status:

Terminated

Last Reported:

9/27/2015

Candidate Name:

Little, Douglas B

Office Sought:

Corporation Commissioner

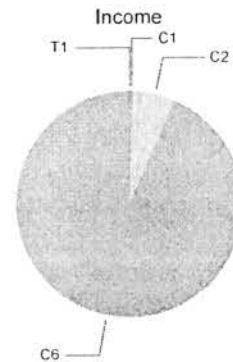
Party:

Republican

Year

2014

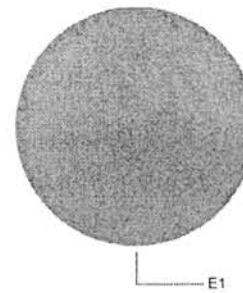
Income for period 11/27/2012 to 11/24/2014	Amount
Personal and Family Contributions (C1)	\$1,340.00
Individual Contributions (C2)	\$15,850.00
Contributions from Political Committees (C3)	\$0.00
Business Contributions (C4)	\$0.00
Small Contributions (C5)	\$0.00
CCEC Funding (C6)	\$243,073.32
Qualifying Contributions (C7)	\$0.00
Loans Made to this Committee (L1)	\$0.00
Other Receipts incl. Interest & Dividends (R1)	\$0.00
Transfers from Other Committees (T1)	\$310.00
Cash Surplus from Previous Committee (S1)	\$0.00
Total Income	\$260,573.32



■ Personal and Family Contributions (C1) ■ Individual Contributions (C2)
 ■ CCEC Funding (C6) ■ Transfers from Other Committees (T1)

Expenditures for period 11/27/2012 to 11/24/2014	Amount
Operating Expenses (E1)	\$260,573.32
Independent Expenditures (E2)	\$0.00
Contributions to Other Committees (E3)	\$0.00
Other Expenses (E4)	\$0.00
Transfers to other Committees (T1)	\$0.00
Loans Made by This Committee (L2)	\$0.00
Expenditure of In-Kind Contributions (C8)	\$0.00
Disposal of Surplus Cash (S1)	\$0.00
Total Expenditures	\$260,573.32
Bill Payments for Previous Expenditures (D1)	\$0.00
Total Disbursed	\$260,573.32

Expenditures



■ Operating Expenses (E1)

Cash Balance as of 11/24/2014	\$0.00
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Independent Expenditures for to	Amount
Supporting Candidate	\$494,138.00
Opposing Candidate	\$241,025.00

Independent Expenditures

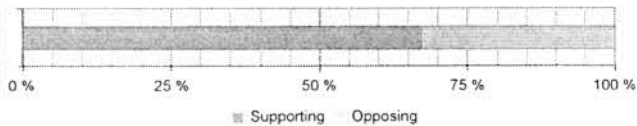
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EXHIBIT F

Arizona Free Enterprise Club doles out big money in election races

Mary Jo Pitzl, The Republic | azcentral.com Published 10:13 p.m. MT Aug. 2, 2014 | Updated 5:20 p.m. MT Aug. 5, 2014



(Photo: azcentral.com)

Editor's note: This story begins an occasional series, Shadow Campaigns, to shed light on outside spending in this year's election. Operating with fewer restrictions on donations and expenditures than candidate campaigns, these groups are attempting to sway voters by spending record amounts, in some cases more than the candidates themselves.

Seemingly overnight, the Arizona Free Enterprise Club has morphed from a low-profile, low-tax advocacy group into the biggest-spending organization of this year's election season.

With three months to go until Election Day, its spending on state races this year has ballooned to \$1.1 million, from \$185,000 in all of 2012.

Along with the increase in spending, the club has ventured far beyond its usual turf of legislative races and is trying to influence voters' decisions in the GOP primaries for Arizona secretary of state and Corporation Commission. It is now the biggest spender in those races, outstripping even the candidates themselves, according to the most recent finance statements available.

RELATED: [Regulations vary for outside campaign groups \(/story/news/2014/08/03/regulations-reporting-requirements-vary-outside-campaign-groups/13538089/\)](http://story/news/2014/08/03/regulations-reporting-requirements-vary-outside-campaign-groups/13538089/)

RELATED: [Solar-energy supporters assail APS on political spending \(/story/news/arizona/politics/2014/07/29/aps-political-spending-solar-energy/13347879/\)](http://story/news/arizona/politics/2014/07/29/aps-political-spending-solar-energy/13347879/)

RELATED:: [Ariz. secretary of state candidates discuss dark money \(/story/news/arizona/politics/2014/07/21/arizona-secretary-state-candidates-dark-money/12951203/\)](http://story/news/arizona/politics/2014/07/21/arizona-secretary-state-candidates-dark-money/12951203/)

So how is a group whose last newsworthy endeavor was a fight against film-industry tax credits suddenly so well-funded and interested in so many races?

It's a question that has crossed many minds in recent months.

As a non-profit, the Free Enterprise Club is not required to disclose donors, and its executive director and sole board member, Scot Mussi, has declined to do so voluntarily.



(<http://azvotes.azcentral.com/build.do>)

- Find all of the [candidate information \(http://azvotes.azcentral.com/build.do\)](http://azvotes.azcentral.com/build.do) you need!
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The Free Enterprise Club's involvement in the Corporation Commission races has sparked a debate among GOP candidates on opposite sides of the club's largesse. The club's interest in the secretary of state's race, an elected office whose primary duties are record keeping and elections oversight, is a departure from its stated mission to "promote a sound and vibrant economy."

Because such non-profit groups disclose so little about their funding, they have come to be known as "dark money."

Mussi, a former lobbyist for the Home Builders Association of Central Arizona, joined the club in 2012 after its original president, Steve Voeller, left to work for newly elected U.S. Sen. Jeff Flake, R-Ariz.

Adding to the intrigue is the departure in mid-July of Free Enterprise board members Randy Kendrick and Dean Riesen, making it a club of one, at least in its public filings.

Kendrick, a generous donor to conservative causes and the wife of Arizona Diamondbacks Managing General Partner Ken Kendrick, did not return a phone call seeking comment.

Riesen, who helped start the club in 2005, is managing partner of Rimrock Capital Partners and chairman of the Arizona Chamber of Commerce & Industry's taxation-policy committee. He directed an inquiry about the change in leadership to Mussi before hanging up.

Speculation on ties

With early voting underway and the Aug. 26 primary looming, the Free Enterprise Club continues to stuff voter mailboxes with brochures supporting Justin Pierce for secretary of state and the team of Tom Forese and Doug Little for Corporation Commission.

The club's support of these candidates has led many to speculate that there must be a tie to Arizona Public Service Co., noting the utility is regulated by the Corporation Commission, and Justin Pierce's father, Gary, is one of its five commissioners.

It is impossible to verify or debunk the charges that the Free Enterprise Club is channeling APS money because the donors are not disclosed. The lack of transparency has only heightened the speculation.

On Thursday, Corporation Commission candidates Lucy Mason and Vernon Parker called for the resignation of Don Brandt, CEO of APS and its parent company, Pinnacle West.

"It is not in the best interests of Arizona for its largest regulated monopoly to be funneling huge sums of cash to front groups," Parker said in a statement. "Those front groups, in turn, spew out lie after lie. The voters are intentionally kept in the dark while a huge regulated monopoly hand picks its regulators."

APS dismissed the demand for Brandt's resignation as a campaign stunt tied to the first day of early voting. And, in a statement, it expressed exasperation that a group of solar advocates, Tell Utilities Solar won't be Killed, or TUSK, is injecting "toxic" politics into the regulatory process with no scrutiny.

The utility has been attacked by advocates of rooftop solar power. They oppose policies — which APS has supported at the commission and before state agencies — that make rooftop solar more expensive.

In the secretary of state race, candidate Wil Cardon has openly linked the club with APS and Commissioner Pierce.

"What business does a utility have with a secretary of state race?" Cardon asked. He, like others who have marveled at the flow of money into the race, believes APS is thanking Commissioner Pierce for favorable votes by supporting his son's run for the state's No. 2 elected post.

Both Pierces strongly reject that charge, and say critics are jumping to unsupported conclusions.

In a statement to *The Arizona Republic*, Gary Pierce said there's no tie between his votes on the commission and his son's run for office. "It should go without saying, but to set the record straight, I have never made a deal with APS to cast a vote in exchange for a benefit to my son Justin Pierce's campaign for Secretary of State," he wrote.

APS did not directly address the charge that it is repaying one of its regulators, but issued a statement saying it typically does not comment on individual contributions.

"We routinely support public officials, candidates and causes that are pro-business and supportive of a sustainable energy future for Arizona, regardless of party affiliation," spokesman Jim McDonald wrote.

Mussi justifies his group's involvement in the secretary of state race by noting Arizona's history of seeing its secretaries of state ascend to the Governor's Office, making the candidates' credentials crucial.

Mussi said the Free Enterprise Club sees Justin Pierce as a rising star, with a conservative track record. "We need a consistent conservative leader in an office as critical as Secretary of State," Mussi said in a May statement announcing the club's endorsement of Pierce.

Despite its concern about who will be second in line for governor, the club has so far stayed out of the hotly contested GOP primary for governor, although it did commission a poll in late July.

Flexing muscle

Still, critics say, without seeing a donor list, there is reason to be suspicious about the source of the Free Enterprise Club's money.

Wil Cardon donated to the club in 2007, tax returns show, but now he finds himself on the receiving end of an opposition campaign financed by the club.

"I think they had great issues, but now they seem to have lost their way," he said. "They're a conduit to buy candidates."

Since its founding in 2005, the Free Enterprise Club has focused mainly on legislative races, where state tax policy is set. And even that has been limited: In 2012, it ran independent-expenditure campaigns to support three candidates and oppose another three. In all, it spent \$185,000. In 2010, its involvement was even smaller: \$47,000 for seven independent-expenditure accounts.

This year, it is flexing more muscle in legislative races, spending \$114,000 in July alone. It's also financing the referendum on Glendale's sales tax, and is backing a pension-reform ballot measure in Phoenix.

In what critics of the group see as another sign of its alignment with APS, earlier this year at the state Legislature, Mussi testified against a bill that sought to override a state Department of Revenue determination that rooftop solar panels are subject to a property tax.

Sen. Michele Reagan, R-Scottsdale, and a candidate for secretary of state, sponsored the bill because she viewed the policy change as a tax increase that could undercut any savings from installing solar.

Mussi acknowledged it would be a tax increase, but argued it was a matter of fairness because all other customers who put power back on the electric grid have to pay property taxes that have been built into their bills.

The club's position puzzled some on the committee, who voted to continue the property-tax exemption. However, the measure, House Bill 2407, died in the Senate.

APS was neutral on the legislation, but the company later said it supported the Revenue Department ruling. That tax took effect last month.

Onlookers said the club's position fueled their skepticism that the Free Enterprise Club is operating free of APS influence.

"I find it incredibly ironic that a group called the Free Enterprise Club is carrying the water for the biggest monopoly in the state," said Nathan Sproul, who is working on behalf of Corporation Commission candidates Mason and Parker.

Asking questions

As the Free Enterprise Club's spending mounts, critics are pressuring for more information about the group.

Last week, Fountain Hills resident Paul Ryan filed a complaint with the Secretary of State's Office, as well as the state solicitor general, asking them to scrutinize the club and decide if it meets the requirements for a non-profit.

Ryan argues the club appears to be operating like a political committee, which has to disclose donors, rather than a political non-profit, which keeps its donors secret. Ryan wrote that he could find little evidence of the club performing social-welfare activities, which must constitute at least 51 percent of its spending, and noted that the club has spent more than \$1 million so far this election cycle.

Ryan was part of a group that worked with Sen. Reagan on a bill earlier this year to require some disclosure of dark-money donors. The bill passed its initial committee, but went no further.

The Arizona Secretary of State's Office last month asked non-profit corporations making independent expenditures to report on the charitable spending they are doing to offset their election activity. Among others, the request went to the Free Enterprise Club.

The Free Enterprise Club responded Friday, seeking more details on what the office is looking for. It also asked for assurances any confidential information be kept that way if shared with the secretary of state.

Another non-profit, the 60 Plus Association, which has made independent expenditures in the governor's race to defeat Christine Jones and Scott Smith, challenged the assumption that its primary goal is to influence elections.

Monday is the deadline for three other non-profits to respond.

Reach the reporter at maryjo.pitzl@arizonarepublic.com or at 602-444-8963.

Editor's note: This story begins an occasional series, Shadow Campaigns, to shed light on outside spending in this year's election. Operating with fewer restrictions on donations and expenditures than candidate campaigns, these groups are attempting to sway voters by spending record amounts, in some cases more than the candidates themselves.

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EXHIBIT G

Phone records show close contact between regulator, APS and 'dark money'

Ryan Randazzo, The Republic | azcentral.com Published 11:20 p.m. MT May 20, 2015 | Updated 9:36 p.m. MT May 22, 2015



(Photo: David Wallace/The Republic)

Extensive communications between the state's top utility regulator, Arizona Public Service Co. and a non-profit that spent heavily on campaigns for two new regulators in 2014 have been uncovered by a non-profit clean-energy group.

Debates over solar energy — and a flood of money from non-profit groups into the campaigns for those who sought to regulate utilities — marked the 2014 Arizona Corporation Commission election.

During that time, Commission Chairman Bob Stump sent more than 50 private text messages to an APS executive and 46 to a political "dark money" organizer, according to the non-profit investigating the commission.

MORE: [Clean Elections to review Bob Stump's texts \(/story/news/arizona/politics/2015/05/23/election-regulators-review-utility-regulators-texts/27830287/\)](#)

Critics of commission members say that the regulators should not have such close contact with the utilities they oversee, and the utilities should not be participating in political campaigns, which could violate election laws and rules that prevent elected officials from campaigning with public resources.

STORY FROM BANNER CORE CENTER FOR ORTHOPEDICS

Active adults may weigh NSAIDs with other options

(<http://www.azcentral.com/story/sponsor-story/banner-core-center-for-orthopedics/2017/04/11/banner-core-active-adults-may-weigh-nsaids-with-other-pain-relief-options/100348004/>)



Stump, who still is in office but no longer serves as chairman, sent 56 texts to Barbara Lockwood, the general manager for regulatory policy at APS from July to September 2014, according to the Washington, D.C.-area Checks and Balances Project, which is largely funded by a non-profit called Renew American Prosperity, which supports sustainability. The primary election was Aug. 26.

ROBERTS: [Corporation Commissioner cozy with APS? Say it isn't so! \(/story/laurieroberts/2015/05/21/aps-bob-stump-text-messages-dark-money/27711891/\)](#)

RELATED: [Utility regulator's meeting scrutinized \(/story/money/business/2015/05/02/whistleblower-arizona-utility-regulator-meetings-aps-scrutinized/26803203/\)](#)

APS is widely believed to have contributed to groups that supported two Republicans in the Corporation Commission race, but utility officials will neither confirm nor deny such contributions.

The commission did not release the content of the text messages, but a representative of Checks and Balances, which has been investigating Stump, says it is continuing to press for those records, if they are available from Verizon.

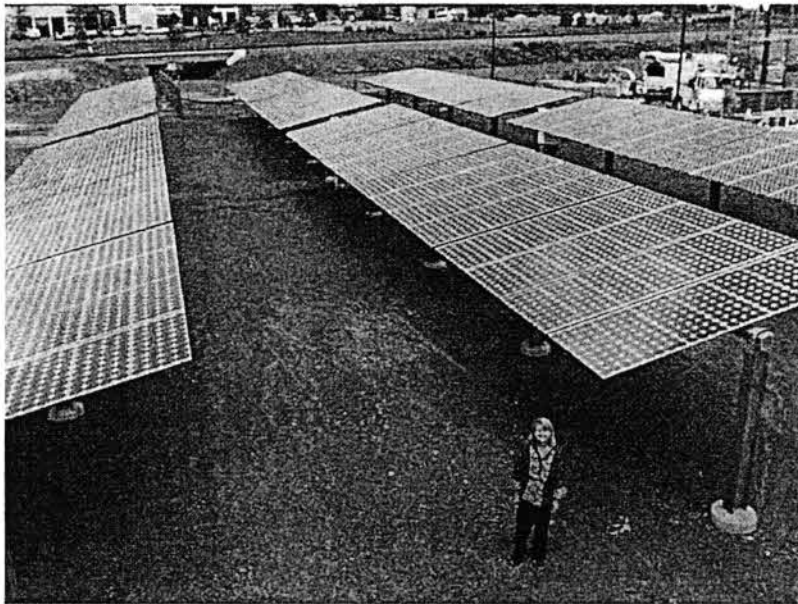
Stump also sent about 180 texts to Republican candidates Tom Forese and Doug Little in the months ahead of the primary. Those two won election.

Forese and Little benefited from more than \$3.2 million in political advertising by independent groups. The money was spent on ads in support of Forese and Little and hit pieces opposing their rivals.

That kind of independent support is legal as long as the candidates don't coordinate with the non-profit groups advertising on their behalf. Forese and Little said they never communicated with such groups, but the phone logs show Stump frequently texted Scot Mussi, president of the Arizona Free Enterprise Club.

The Free Enterprise Club spent about \$154,000 helping Forese and Little in the primary. In June and July, ahead of the primary election, Stump messaged Mussi 46 times, and contacted him 100 times from May 2014 through March of this year, according to Checks and Balances.

"When you look at the text messages, and how they are grouped around the election, and grouped with Stump's communications with Forese, Little and Mussi ... it raises questions," said Scott Peterson, executive director of the Checks and Balances Project.



(Photo: Cheryl Evans/The Republic)

Stump said he did not discuss the political campaigns with Mussi, Forese and Little, who he said are all his friends.

"I wasn't aware of Scot's involvement (with Free Enterprise Club) until it hit the papers," he said. "I learned when everyone else did."

Stump said he did not recall discussing elections with Lockwood from APS, either.

"I would note that Checks and Balances, a left-wing, dark-money group, is cherry-picking text logs to paint an absurdly distorted picture," he said.

Stump said he sent 898 texts to a lobbyist at the Residential Utility Consumer Office, and 70 to the lobbyist at the Southwest Energy Efficiency Project, as well as 285 to a solar group.

"It would be ridiculous for me to institute a moratorium on speaking to friends in the solar or political community at large simply because we were in campaign season," he said. "I continued to be in contact with representatives of SolarCity, for example, even though TUSK (a solar advocacy funded by SolarCity) was actively involved in the 2014 campaign for Corporation Commission."

Forese said that throughout the campaign, he would learn what non-profit groups were supporting his campaign the same way most voters did, by reading the messages on the bottom of mailers. He said nobody in the Forese-Little campaign team communicated with the non-profit groups.

"We would talk regularly about the importance of making sure we were always very rigid in our adherence to the rules to not communicate with parties we had found out from the bottom of fliers that they were supporting us," he said.

Forese said Stump, a friend, was usually texting him messages of support, but not information regarding campaign funding.

"What would be discussed with Bob was general campaign strategy and the vast majority of it was encouragement as we got through the race," he said.

Little said he did not know Stump and Mussi were close.

"Bob and I would text about a variety of things during the campaign since he was endorsing us," he said. "We did not discuss any activities by the Free Enterprise Club either before or after the election. ... I met Scot (Mussi) once in January 2014 since he was interested in meeting me after I had declared as a candidate. We had coffee for about 45 minutes and discussed my background and my positions on a number of issues. That was the last time I saw or spoke with Scot until after the general election."

Peterson, of the Checks and Balances Project, said besides the possible breaches of election laws, the relationship between Stump and Lockwood at APS appears "chummy," and not at a professional arm's length.

"The bottom line with all of this is the Arizona Corporation Commission was created to regulate utilities on behalf of the citizens of Arizona, not to further the interests of utilities such as Arizona Public Service," Peterson said. "It looks unseemly. Bob Stump's credibility is at stake. His text messages and e-mails appear to show he is working far too closely with monopoly utilities."

Former Corporation Commissioner Renz Jennings said the frequent texts between Stump and APS and the dark-money campaign were "egregious" but representative of how APS has been exerting influence on elections.

Jennings, who served on the commission from 1985 to 1999, joined several protesters Wednesday at a shareholder meeting for APS' parent company, Pinnacle West Capital Corp. They were advocating for more disclosure from the company regarding its political spending.

He mentioned how APS is thought or known to have engaged in the elections for treasurer, attorney general and other offices.

"Stump has done his reading," Jennings said. "He knows that if you don't make your book with APS, they will come after you. The Republican primary elections are now decided by APS, and it is a Republican state, so they decide the election."

The rooftop-solar industry supported two other Republicans who lost the primary election for the commission, Lucy Mason and Vernon Parker. Mason, a former state representative, has since been hired to provide membership and development consulting services for the Arizona Solar Energy Industries Association.

Stump posted near-daily support for Forese and Little on social media sites during their campaign and had harsh words for the rooftop-solar industry during their swearing-in ceremony at the commission earlier this year.

"We need more light and less heat from the people who appear before us," Stump said. "We need more steak and less sizzle. One way to accomplish that is to put a stake through the heart of Chicken Little."

The "Chicken Little" comment was a reference to solar companies and their advocates who suggest the regulators are harming the industry in Arizona by imposing new fees for solar customers.

The Checks and Balances Project launched its investigation into the state utility regulators because of the solar fees approved in 2013.

The non-profit, which advocates for clean energy, has decided to home in on Stump because he was chairman of the commission when it approved a \$5 average monthly fee increase for APS solar customers.

APS recently asked the commission to consider increasing that fee to an average of \$21 a month.

Reach the reporter at ryan.randazzo@arizonarepublic.com.

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EXHIBIT H

http://azdailysun.com/news/local/govt-and-politics/elections/aps-called-out-on-corporation-commission-campaign-support/article_89601eba-16b6-51ab-aae8-46ebd912db45.html

ELECTION

APS called out on Corporation Commission campaign support

By HOWARD FISCHER Capitol Media Services Sep 23, 2014

PHOENIX -- In a sometimes testy exchange, candidates Arizona Corporation Commission traded barbs Monday night on whether someone should force the state's largest electric utility to say whether it's putting money into the race and how much.

Democrats Sandra Kennedy and Jim Holway said the current members of the commission -- all Republicans -- should demand that Arizona Public Service disclose what funds it or Pinnacle West Capital Corp., its parent company, have provided to elect Tom Forese and Doug Little.

"They are the APS-chosen candidates," Kennedy charged. And she said Wall Street analysts have suggested the ability for Pinnacle West to improve its bottom line is likely better with the election of the two Republicans.

"I want to be good for your bottom line," she told the audience watching the televised debate on KAET-TV, the Phoenix PBS affiliate.

The whole question of whether the two Republicans got nominated for the two open seats because of APS backing and they could win the general election with utility help drew an angry response from Forese.

"The idea that it's impossible that we have broad support is insulting," he said, saying he and Little have backing from business groups and many consumers.

"The idea that we could be bought is insulting," Forese continued. "I'm calling you out on it."

But Forese, acknowledging that APS has refused to say if it is pouring money into the race, said he has no problem with the commission looking into the issue.

Save Our Future Now reported weeks before the GOP primary it already spent close to \$1.3 million backing Forese and Little and against their foes. The Arizona Free Enterprise Club spent another \$420,000 on the race.

It won't be known for weeks how much either group is going to spend on the general election.

And both groups are refusing to disclose donors, saying they are exempt from such a requirement.

Holway said there's a simple solution: Instead of asking the outside groups, have the existing commission members demand that APS testify on its spending on political races. And he said individual commissioners have subpoena power.

To date, however, the commission has shown no interest in the issue. And Forese said he cannot personally ask either group about their spending, at least not during the campaign, as that would amount to illegal coordination with what is supposed to be an independent expenditure group.

Little was less interested in demanding answers from APS, at least in part because he said the money is coming not from ratepayers but instead from Pinnacle West shareholders.

But he also said it may be bad policy to start demanding such information -- and only from one side: He noted that an organization known as Tell Utilities Solar Won't Be Killed spent about \$236,000 against both Forese and him but, not being a regulated utility, would not be subject to Corporation Commission scrutiny.

"Everybody has the right to participate in the election," he said, citing the U.S. Supreme Court ruling that said corporations are entitled to political speech just like individuals. "And spending money on elections is a form of political speech."

But Holway said there's a difference. He said it already is clear that TUSK is being financed by companies that make money selling, leasing and installing solar power systems on homes while there is no transparency in the source of cash for the other groups.

APS, for its part, has spurned all questions about whether it is spending money to elect candidates of its choice or defeat those it does not like.

Company spokesman Alan Bunnell has said APS has been the subject of a "non-stop propaganda war" by TUSK, saying the organization has "misrepresented important Arizona energy issues" to further their own interests.

"It would be irresponsible for us not to defend our company," Bunnell said in a prepared statement, adding that "no one disputes our right to participate in the political process."

"It's an integrity issue," said Kennedy of utility funds in the campaign. She is a former commissioner defeated two years ago in a re-election bid and now seeking her old job back.



campaign 2014 bug
Sep 22, 2014

EXHIBIT I

ARIZONA CAPITOL TIMES

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Commissioners vote down Burns' investigation into outside influences

By: Howard Fischer, Capitol Media Services August 11, 2016 , 6:31 pm



Corporation Commission Chairman Doug Little, in front of flags, accuses fellow regulator Bob Burns, right, of trying to stir up controversy with a plan to hire an attorney to look into whether the commission is being improperly influenced by others. Andy Tobin, left, and Bob Stump, to Little's left, voted with Little to quash Burns' inquiry. (Capitol Media Services photo by Howard Fischer)

Calling it a "fishing expedition," three state utility regulators late Thursday quashed a bid by for an outside look into whether the panel has been or can be subject to improper outside influences.

The vote came after more than an hour of accusations and arguing, with the majority insist Bob Burns was trying to bring disrepute on the Arizona Corporation Commission and throw shadow on the reputation of Tom Forese and Doug Little, elected in 2014. That race feature million in anonymous funds spent on their behalf, with Arizona Public Service, regulated by commission, refusing to deny it was the source of those dollars.

Burns insisted he wasn't going after anyone but simply wanted someone to look at how the of the commission, which regulates investor-owned utilities, could be affected in ways hidd the public — and particularly the people who will have to pay the rates.

But Burns conceded he wanted the outside attorney to figure out whether APS was, in fact, source of those dollars. That angered Little, who chairs the panel.

"There's no evidence of improper behavior," Little said.

"That's because of no investigation," Burns shot back. "If you don't investigate, you don't kno

And Burns said the investigator would look at all issues and determine if changes are need the commission operates. Little, however, took the issue personally.

"You've been basically impugning our integrity for a year," he told Burns.

"I have not," Burns shot back.

Commissioner Bob Stump said it's irrelevant even if APS did help get Little and Forese elect

He said there's no evidence that any of the votes of either one were affected. And Stump pr that the money — from whatever source — went to an independent expenditure committee legally precluded from coordinating with any candidate.

"I don't know who spent money in 2014," Little said.

"Maybe we ought to find out," Burns responded.

Little noted he was backed by various business interests. He suggested any of those groups also have been the source of the dollars.

But Burns said it is APS that has repeatedly refused to deny the cash came from either the Pinnacle West Capital Corp., its parent.

Commissioner Tom Forese said the inquiry is "blatantly political."

Thursday's move effectively voids a contract that Burns got Jodi Jerich, the commission's ex-director, to sign with Scott Hempling. A commission staff attorney told the regulators they to override that decision.

Burns had hoped to give Hempling the power to subpoena the records of both APS and Pin West to search for campaign contributions. He remains free to subpoena the APS records c own; it would take a full commission vote to go after the parent company.

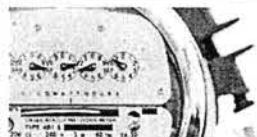
He acknowledged the U.S. Supreme Court has said corporations are free to spend money c races and that he cannot stop either company from spending its money on whatever it war Burns said the commission can do is force public disclosure so voters know who is trying to influence who gets elected.

That likely won't happen. Both Little and Stump insist the commission has no such authority as it relates to whether a utility is passing on its political expenses to ratepayers.

Commissioner Andy Tobin had a specific objection to Hempling. He said the attorney has d for solar interests.



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Corporation
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hike under
settlement ↗

○ March 1, 2017,
12:50 pm



Hard choices ahead
as officials look at
future of Navajo
power plant

○ February 21, 2017,
3:24 pm



Commissioners pick
Forese as new



Corporation
Commission dooms
net metering,

chairman, while top adopts new rates

Staffers leave ? for solar



Vincent Pawlowski

August 11, 2016 , 8:53 pm at 8:53 pm

The commissioners choose to suppress the investigation at their own risk. It is likely that this will lie under the FBI's probe and cause the US Justice Department to begin an investigation.



Keith

August 12, 2016 , 1:43 pm at 1:43 pm

Yet it's OK that the solar industry is currently funding support for Bob Burns' bid for the ACC? Regardless of whether the organization is transparent or not, it's still an entity with a vested interest in ACC putting money behind a candidate's campaign. I don't understand how Burns can only target utilities when the solar industry is doing the same thing? It's clear they are pulling his strings. And how he's not questioning the integrity of Little and Forese when that's the very basis of this inquiry – and whether an organization that may have contributed funds is influencing decisions made by those commissioners. He's basically saying those guys are tainted as a result. If he doesn't believe that, there's no point in going through all of this because no laws were broken and it hasn't affected the commissioners. It's either one or the other. This guy has no clue.



Tom Scheel

August 14, 2016 , 9:59 am at 9:59 am

Burns is trying to shine the light of transparency on some very questionable practices. That takes this go-along-get along AZ good ol' boy network. In the balance is NOT solar – solar will be fine, an inevitable. In the balance is APS – who will suffer massive black eyes from not adjusting to the need of distributed electricity sources, and our livable environment – for which the clock is ticking, and deadly.



Sol Saguario

August 14, 2016 , 9:41 pm at 9:41 pm

Guilty by omission. Every vote to escape public knowledge about their private funding only make more culpable. These guys smell to high heaven. I wonder how their staffs and other officials put the aroma.

Burns, who hasn't asked to be exempted from open records, is a white knight in a dark kingdom.



Sol Saguario

August 14, 2016 , 9:44 pm at 9:44 pm

PS If AZ laws don't require ACC transparency, then the legislators are culpable, too. When this has happened in other states, it's resulted almost without exception in turning out the bums en masse.



EXHIBIT J

APS to ASU charity to dark-money campaign?

LAURIE ROBERTS (WWW.AZCENTRAL.COM/VIEWPOINTS/LAURIEROBERTS/)

Laurie Roberts (<http://www.azcentral.com/staff/25817/laurie-roberts/>), The Republic | azcentral.com

Published 1:22 p.m. MT March 10, 2015 | Updated 3:07 p.m. MT March 10, 2015



(Photo: fuzznails, Getty Images/iStockphoto)

Another player heard from in last year's dark-money campaign to get certain candidates elected to the Arizona Corporation Commission.

And once again, Arizona Public Service pops up.

Don't you just love a good coincidence?

ADVERTISING



Like, say, the one uncovered by the [Sunlight Foundation](http://sunlightfoundation.com/blog/2015/03/10/asu-foundation-links-utility-funds-to-anti-solar-push/) (<http://sunlightfoundation.com/blog/2015/03/10/asu-foundation-links-utility-funds-to-anti-solar-push/>) – one I've verified via IRS records.

It seems APS Foundation, the fundraising arm of everybody's favorite utility, gave \$181,100 to ASU Foundation, the fundraising arm of ASU, in 2013.

ASU Foundation, meanwhile, gave \$100,000 to Save Our Future Now in 2013.

SOFN is one of two dark-money groups that spent millions last year to get Doug Little and Tom Forese onto the Arizona Corporation Commission that regulates utilities.

STORY FROM BANNER CORE CENTER FOR ORTHOPEDICS

Active adults may weigh NSAIDs with other options

(<http://www.azcentral.com/story/sponsor-story/banner-core-center-for-orthopedics/2017/04/11/banner-core-active-adults-may-weigh-nsaids-with-other-options/100248004/>)

APS and ASU Foundation officials say there is no connection between the two groups. So does Save Our Future Now.

"We have no reason to believe that APS directed ASU to give money to Save Our Future Now," SOFN's attorney, Kory Langhofer, told me.

Yet, as usual, the view is rather riveting.

SOFN is a 501c4, one of those dark-money groups that claims to have been formed in order to promote social welfare but just coincidentally promotes certain secret political agendas.

According to campaign-finance records, SOFN spent more than \$2.8 million in last year's state elections. Of that, more than \$2.7 million was spent to get Forese and Little onto the Corporation Commission – or, in the alternative, to make sure that pro-rooftop solar candidates did not get onto the Corporation Commission.

SOFN won't say where it got the \$2.8 million to promote Forese-Little and attack their opponents. Sadly, state law doesn't require it to disclose who bankrolled the effort to stack the commission with the candidates considered the most likely to back pro-utility positions.

APS has likewise declined to say whether it was involved in financing the dark-money campaigns by SOFN and the Arizona Free Enterprise Club.

Which is, of course, why people like me find it oh-so-interesting when these small dots line up, just begging to be connected.

John Skinner, chief of staff for ASU Foundation, tells me the foundation's contribution to SOFN had nothing to do with politics and everything to do with promoting ASU and higher education in general. He says he doesn't believe that the foundation's chairman, former APS CEO Bill Post, was involved in the decision to donate to SOFN.

"We made the contribution to Save Our Future because as part of its mission it helps general public awareness of higher education issues and advances higher education in the state of Arizona," he said.

Hal Pittman, director of external communications for APS, likewise says there's no connection between the utility's charitable contributions and its political activities, noting that APS Foundation gives to all three universities and community colleges.

"Investing in education – particularly science, technology, engineering and math – helps ensure a bright economic future for Arizona and prepares students for good jobs in tomorrow's workforce," he said, in an e-mailed statement. "Where the ASU Foundation directs its own contributions to improve educational outcomes is guided by the foundation's judgment and expertise, not ours."

SOFN's Langhofer says that ASU Foundation's money couldn't have gone into SOFN's Corporation Commission campaign. Contributions from 501c3 groups, such as ASU Foundation and APS Foundation, can't be used to expressly advocate for candidates. Instead, he says the money would have been spent on the group's social-welfare activities.

Langhofer says SOFN spent at least \$3.7 million last year promoting social welfare -- mostly by promoting voter turnout in last year's election.

Not everybody's buying that APS Foundation to ASU Foundation to SOFN is mere coincidence. Cue Republican Vernon Parker, who lost his bid for the Corporation Commission courtesy of an unprecedented \$832,000 attack campaign from SOFN.

"We have a real problem in our state when dark money organizations can infiltrate an organization such as the ASU Foundation, and get them to donate money to be used to drag good people through the mud, and call it education? Maybe the foundation should stick to its original purpose and donate its money to higher education, and not gutter politics," he said.

So do the dots connect?

Everybody involved swears that they don't. Yet neither APS nor SOFN will put the speculating to rest by proving it.

Me, to Langhofer: Where did the \$2.76 million spent on the Corporation Commission come from?

Langhofer, to me: "We definitely do not identify donors who don't identify themselves publicly."

Such is the state of Arizona law, that voters aren't entitled to know who is trying to influence their vote -- or why.

Sadly, no one in state government seems inclined to change that.

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EXHIBIT K

ARIZONA CAPITOL TIMES

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Tobin bristles as APS urges Corp Comm to ignore his plan

By: Howard Fischer, Capitol Media Services June 16, 2016 , 4:19 pm



Commissioner Andy Tobin speaks with reporters after being sworn in as the state's latest utility regulator at the Arizona Corporation Commission in Tucson on Tuesday, Feb. 2, 2016. (AP Photo/Ryan Van Velzer)

The newest state utility regulator is blasting Chairman Doug Little for sidelining a discussion whether Arizona Public Service should be forced to use some of the cash it has from ratepayers to reduce peak energy demand through battery storage.

Andy Tobin told Capitol Media Services all he wanted was to discuss at a meeting this week of requiring APS to look at things like storing energy in batteries. He said that would go a long way toward addressing the bid by APS — and other utilities — to impose new demand charges on customers on top of what they already pay for electricity.

But Tobin said that when he refused a request by APS to table the issue, the utility went to the chairman admitted he used his authority to yank the item from the agenda.

Little would not consent to be interviewed, instead issuing a statement blasting Tobin's idea could result in "substantial additional costs to ratepayers if not properly implemented."

"We cannot shoot from the hip on important policy matters like this," his statement read. APS said it would have locked APS into programs to shift energy use away from peak periods for years "without regard to whether they were cost effective or not."

But Tobin said what Little has done, at APS' behest, is short-circuit any discussion.

"It makes me mad," he said. "I wasn't very pleased we couldn't even have the conversation."

Commissioner Bob Stump said holding an item to iron out details, especially one with broad changes, is standard procedure at the commission. Typically, a commissioner is allowed to hold an item one time. Stump said in his seven years as a commissioner, he's likely seen hundreds of items held.

"I have to wonder when it appears as though a commissioner is actively picking fights over operating procedures at the commission. This is a quasi-judicial body, it's not fight club," he

Central to all this is the bid by utilities to change how residential customers are billed.

They now pay a base fee for being connected to the grid, with a charge based on usage.

The plan being proposed by APS and considered by other utilities is to add a demand factor bill based in part on the highest demand. So a customer whose air conditioner, dryer and p all kicked on at the same time could face a much larger bill for the entire month, even if he kept overall energy use low.

APS has a "demand side management" plan, using ratepayer dollars for things like rebates customers to buy programmable thermostats and more efficient air conditioners.

But Tobin said the company has nearly \$26 million in demand side funds sitting idle. So he spending \$4 million of that on incentives to reduce energy consumption during demand pe including energy storage.

Little acknowledged at the meeting that APS had asked him to pull the item, saying utility of were concerned they did not have the time to review Tobin's proposal which had been intru just the day before. But the chairman said he had intended to do that even without APS inp what Tobin wanted had "sweeping implications."

Stump noted that the Southwest Energy Efficiency Project wanted more time to digest Tobin amendments in addition to APS.

"I don't understand the mistrust. I think everything has been very transparent. To try to pai yet again, as an APS conspiracy is ridiculous. ... This whole narrative of portraying APS as be arm of the illuminati, with their tentacles in every aspect, is really getting stale," Stump said

Tobin, however, countered that APS had given commissioners only a week to review the uti plans. Anyway, he said, there was no reason not to explore the issue.

"It would have been nice to have the conversation," he said. And he chided APS for on one l wanting to change the rates to reduce peak demand while not really doing anything about i proposing a storage pilot program.

"Why didn't they come up with the idea?" he said.

Little is not the only problem. Stump weighed in with his own prepared statement saying Tr should "begin focusing on good-faith consensus-building, as opposed to confrontation, as v together on issues we all agree are critical to Arizona's future."

But Tobin said what Stump essentially wants is a discussion of the issue behind the scenes, from the public.

"Having withdrawn it entirely I think was a mistake for the chairman," he said.

"And then for them to tell me that I'm not a team player?" Tobin continued. "What does that Do they want to just coordinate this not in public?"

Stump said Tobin's office reached out to his policy adviser for help working on the amendm ahead of Tuesday's meeting, and it was Stump's understanding that the item would be held to put more work into it.

"I think we're all perplexed as to why, instead of working things out amicably, Andy's chosen press releases slamming us. And that's not the Andy that I knew at the Legislature," he said

APS insists it's not necessarily opposed to some kind of energy storage, calling it in a statement an increasingly promising element in the delivery of electric service."

Company spokesman Jim McDonald said APS already is looking at energy storage, both at the residential and the "grid" level. And he said APS intends to work with the commission as they consider the issue.

There is a political side to all of this.

APS has refused to confirm or deny that it funneled money into the 2014 campaign to elect Tom Forese through one of two "dark money" organizations which were spending heavily to influence that election.

Campaign finance records show that Save Our Future Now and the Arizona Free Enterprise Federation together spent more than \$3 million on that campaign. Both groups have refused to reveal donors, saying they are organized under federal tax laws as "social welfare" organizations, exempt from state financial disclosure laws.

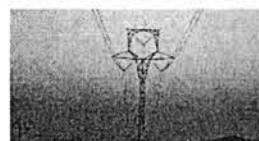
– Reporter Rachel Leingang contributed to this story.



Constitutional issue
stymies bill to
remove co-ops from



Corporation
Commission sets
hearings for APS



APS customers will
see \$6 average rate
hike under
settlement

March 1, 2017,
12:50 pm



Hard choices ahead
as officials look at
future of Navajo
power plant

February 21, 2017,
3:24 pm



Commissioners pick
Forese as new
chairman, while top
staffers leave

January 3, 2017,
4:21 pm



Corporation
Commission dooms
net metering,
adopts new rates
for solar

December 20, 2016,



Kenneth Muir

June 17, 2016, 8:28 am at 8:28 am

This is what happens when a utility is allowed to spend huge amounts of money, behind the scenes, on pro-utility commissioners elected.

The natural outcome is, commissioners whose positions were secured specifically by the utility they are tasked to regulate are going to make sure, most if not all decisions they make end up being favorable to their funders at the utility.

Why my friends, who are Republicans in Arizona, don't see this is a complete and total mystery to me. My impression was, conservatives preferred to not have the government tell them how they had their lives, including decisions regarding what energy technologies they may choose to power their homes.

For some reason, Arizona's republican electorate has concluded that if you have an (R) behind you you should be automatically installed in positions that will have serious impacts on your daily life including your ability to decide how you power your home.

Now that SRP has virtually killed residential solar installations in their territories by imposing ~~den~~ taxes on anyone wanting to install solar on their homes, with APS now proposing to do the ~~exact~~ thing, perhaps folks are waking up to just how important it is to vote for someone based on their stances and not their party affiliations.

Decisions the utilities make, and thus the regulators tasked with making sure these monopolies ~~abuse~~ the public, are critical.

When SRP killed solar in early 2015 with their demand taxes on solar customers, hundreds, if not thousands of jobs were lost in the formerly growing solar sector in SRP territories.

When we for anyone for a position on the ACC, whether Republican, Democrat, Independent or otherwise, I would hope all Arizonan's would consider two things.

First, who is backing the candidates running and what is the bottom line intent of those backers?

Second, is the candidate going to impose upon me, or my neighbors, policies that favor the monopolies over the rights of every individual in Arizona?



Bob

June 17, 2016 , 1:44 pm at 1:44 pm

Ken, you're ill-informed about Commission procedures and full of it.



Jon Findley

June 17, 2016 , 9:56 pm at 9:56 pm

It is true that not following SOPs (Standard Operating Procedures) on things can lead to results that are good, bad, or indifferent. In this case, if the item was pulled to give Commissioners more time to issue, why wasn't that stated and already added to the items for the next open meeting. The real seeing is that if APS doesn't want to discuss something in public, it will never see the light of day, of their bought-and-paid-for Commissioners.



Ken Muir

June 18, 2016 , 8:50 am at 8:50 am

Bob,

I have been involved with ACC issues for years, worked in the semiconductor, thin films panel development, commercialization and manufacturing for a decade and worked in multiple campaigns for ACC commissioners.

I've also spent hours and hours at the ACC and have seen directly the impact of the ACC's decisions in Arizona.

Your rude, dismissive response does not qualify to my standards regarding intelligent dialog on these issues.

Best to you,
Ken



David Newell

June 20, 2016 , 8:45 am at 8:45 am

Mr. Stump states "I don't understand the mistrust. I think everything has been very transparent. ... paint this, yet again, as an APS conspiracy is ridiculous. ... This whole narrative of portraying APS as an arm of the illuminati, with their tentacles in every aspect, is really getting stale."

While Mr. Stump slightly overstates the popular characterization of APS, he seems to severely underestimate the level of public distrust that APS and the Commission have created by their own actions. It was clear from the 2014 Commission race that someone was implementing a far-reaching widespread strategy to shape and manipulate the regulatory apparatus to achieve APS's ends.

While APS has declined to admit that it funded the campaigns that installed Commissioners Little and Forese in office, its refusal to confirm or deny the allegation, claiming that doing so would violate speech "rights", speaks volumes. Mr. Stump's own possible role in that election manipulation and with APS management makes his claims of victimization suspect.

There is something fundamentally indecent (if not illegal) about a monopoly business purchasing regulators of its choosing using anonymous campaign contributions. If APS and the Corporation wish to restore public confidence that this has not occurred in Arizona, Mr. Stump would have to use the Commission's regulatory powers to force APS to disclose what role, if any, it played in anonymously funding the 2014 election, and seeking to ensure that all future utility participation elections is transparently disclosed.

4/25/2017

Tobin bristles as APS urges Corp Comm to ignore his plan – Arizona Capitol Times

Claiming that APS is the victim of a conspiracy, while giving APS everything they seek before the Commission and refusing to take action that will demonstrate whether APS has manipulated the does nothing but fuel public suspicions that the majority of Commissioners are APS puppets. The confidence has already severely damaged the Commission. Mr. Stump – Please use your remaini in office to take concrete steps towards repairing that damage, rather than editorializing that you are victims.

Bob

June 20, 2016 , 3:54 pm at 3:54 pm

Jon Findley, if you look at the video of the meeting, you will see that this was stated. Everything is conspiracy for you? Probably just partisanship on your part. Yes, that's it.



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EXHIBIT L



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Ballot Measures

View list of Ballot Measures in the 2012 General Election by [clicking here](#)

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EXHIBIT M



[Home](#) [About](#) [Ballot Initiatives](#) [Register to Vote](#) [Find Your Elected Official](#) [Contact Us](#)

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EXHIBIT N

CitizenAudit.org

Form **990-EZ**

Short Form Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except private foundations)

▶ Do not enter Social Security numbers on this form as it may be made public.

▶ Information about Form 990-EZ and its instructions is at www.irs.gov/form990.

OMB No 1545-1150

2013Open to Public
InspectionDepartment of the Treasury
Internal Revenue Service

A For the 2013 calendar year, or tax year beginning , 2013, and ending ,	
B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Save Our Future NOW 4715 N 32nd St #107 Phoenix, AZ 85018
D Employer identification number 45-4568597	E Telephone number 602-955-2186
F Group Exemption Number	
G Accounting Method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual Other (specify) ▶	
H Check <input type="checkbox"/> if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).	
I Website: ▶ N/A	
J Tax-exempt status (check only one) — <input type="checkbox"/> 501(c)(3) <input checked="" type="checkbox"/> 501(c) (4) ◀(insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527	
K Form of organization <input type="checkbox"/> Corporation <input type="checkbox"/> Trust <input checked="" type="checkbox"/> Association <input type="checkbox"/> Other	
L Add lines 5b, 6c, and 7b, to line 9 to determine gross receipts. If gross receipts are \$200,000 or more, or if total assets (Part II, column (B) below) are \$500,000 or more, file Form 990 instead of Form 990-EZ ▶ \$ 126,190.	

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (see the instructions for Part I)Check if the organization used Schedule O to respond to any question in this Part I ☒

REVENUE	1	Contributions, gifts, grants, and similar amounts received	1	126,190.
	2	Program service revenue including government fees and contracts	2	
	3	Membership dues and assessments	3	
	4	Investment income	4	
	5a	Gross amount from sale of assets other than inventory	5a	
	5b	Less: cost or other basis and sales expenses	5b	
	5c	Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a)	5c	
	6	Gaming and fundraising events		
	6a	Gross income from gaming (attach Schedule G if greater than \$15,000)	6a	
	6b	Gross income from fundraising events (not including \$ of contributions from fundraising events reported on line 1) (attach Schedule G if the sum of such gross income and contributions exceeds \$15,000)	6b	
	6c	Less: direct expenses from gaming and fundraising events	6c	
	6d	Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c)	6d	
	7a	Gross sales or inventory, less returns and allowances	7a	
	7b	Less: cost of goods sold	7b	
	7c	Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	7c	
	8	Other revenue (describe in Schedule O)	8	
	9	Total revenue. Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8	9	126,190.
	10	Grants and similar amounts paid (list in Schedule O)	10	
	11	Benefits paid to or for members	11	
	12	Salaries, other compensation, and employee benefits	12	
	13	Professional fees and other payments to independent contractors	13	227.
14	Occupancy, rent, utilities, and maintenance	14		
15	Printing, publications, postage, and shipping	15		
16	Other expenses (describe in Schedule O) See Schedule O	16	28,571.	
17	Total expenses. Add lines 10 through 16	17	28,798.	
18	Excess or (deficit) for the year (Subtract line 17 from line 9)	18	97,392.	
19	Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19	513.	
20	Other changes in net assets or fund balances (explain in Schedule O)	20		
21	Net assets or fund balances at end of year. Combine lines 18 through 20	21	97,905.	

BAA For Paperwork Reduction Act Notice, see the separate instructions.

Form 990-EZ (2013)

Part II. Balance Sheets (see the instructions for Part II)

Check if the organization used Schedule O to respond to any question in this Part II

	(A) Beginning of year	(B) End of year
22 Cash, savings, and investments	513.	22 97,905.
23 Land and buildings		23
24 Other assets (describe in Schedule O)		24
25 Total assets	513.	25 97,905.
26 Total liabilities (describe in Schedule O)	0.	26 0.
27 Net assets or fund balances (line 27 of column (B) must agree with line 21)	513.	27 97,905.

Part III: Statement of Program Service Accomplishments (see the instructions for Part III)	
---	--

Check if the organization used Schedule O to respond to any question in this Part III ☐

What is the organization's primary exempt purpose? See Schedule O

Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. In a clear and concise manner, describe the services provided, the number of persons benefited, and other relevant information for each program title

Expenses	
(Required for section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts, optional for others)	

28	Education and advocacy regarding educational policy. Organization developed a website to increase awareness of mission.		
	(Grants \$) If this amount includes foreign grants, check here	<input type="checkbox"/>	28 a 28,571.
29			
	(Grants \$) If this amount includes foreign grants, check here	<input type="checkbox"/>	29 a
30			
	(Grants \$) If this amount includes foreign grants, check here	<input type="checkbox"/>	30 a
31	Other program services (describe in Schedule O)		
	(Grants \$) If this amount includes foreign grants, check here	<input type="checkbox"/>	31 a
32	Total program service expenses (add lines 28a through 31a)	<input type="checkbox"/>	32 28,571.

Part IV.	List of Officers, Directors, Trustees, and Key Employees (list each one even if not compensated — see the instructions for Part IV)
-----------------	--

Check if the organization used Schedule O to respond to any question in this Part IV

[illegible]

Part V Other Information (Note the Schedule A and personal benefit contract statement requirements in the instructions for Part V) Check if the organization used Schedule O to respond to any question in this Part V ☐

	Yes	No
33 Did the organization engage in any significant activity not previously reported to the IRS? If 'Yes,' provide a detailed description of each activity in Schedule O	33	X
34 Were any significant changes made to the organizing or governing documents? If 'Yes,' attach a conformed copy of the amended documents if they reflect a change to the organization's name. Otherwise, explain the change on Schedule O (see instructions)	34	X
35 a Did the organization have unrelated business gross income of \$1,000 or more during the year from business activities (such as those reported on lines 2, 6a, and 7a, among others)?	35 a	X
b If 'Yes,' to line 35a, has the organization filed a Form 990-T for the year? If 'No,' provide an explanation in Schedule O	35 b	
c Was the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization subject to section 6033(e) notice, reporting, and proxy tax requirements during the year? If 'Yes,' complete Schedule C, Part III	35 c	X
36 Did the organization undergo a liquidation, dissolution, termination, or significant disposition of net assets during the year? If 'Yes,' complete applicable parts of Schedule N	36	X
37 a Enter amount of political expenditures, direct or indirect, as described in the instructions <input type="text" value="0"/> 0.	37 a	
b Did the organization file Form 1120-POL for this year?	37 b	X
38 a Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still outstanding at the end of the tax year covered by this return?	38 a	X
b If 'Yes,' complete Schedule L, Part II and enter the total amount involved	38 b	N/A
39 Section 501(c)(7) organizations Enter		
a Initiation fees and capital contributions included on line 9	39 a	N/A
b Gross receipts, included on line 9, for public use of club facilities	39 b	N/A
40 a Section 501(c)(3) organizations Enter amount of tax imposed on the organization during the year under section 4911 <input type="text" value="N/A"/> N/A, section 4912 <input type="text" value="N/A"/> N/A, section 4955 <input type="text" value="N/A"/> N/A		
b Section 501(c)(3) and 501(c)(4) organizations Did the organization engage in any section 4958 excess benefit transaction during the year or did it engage in an excess benefit transaction in a prior year that has not been reported on any of its prior Forms 990 or 990-EZ? If 'Yes,' complete Schedule L, Part I	40 b	X
c Section 501(c)(3) and 501(c)(4) organizations Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <input type="text" value="0"/> 0.		
d Section 501(c)(3) and 501(c)(4) organizations Enter amount of tax on line 40c reimbursed by the organization <input type="text" value="0"/> 0.		
e All organizations At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If 'Yes,' complete Form 8886-T	40 e	X
41 List the states with which a copy of this return is filed <input type="text" value="AZ"/> AZ		

42 a The organization's books are in care of The Organization Telephone no 602-955-2186
 Located at 4715 N 32nd St, Ste 107 Phoenix AZ ZIP + 4 85018

	Yes	No
b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If 'Yes,' enter the name of the foreign country: <input type="text"/>	42 b	X
See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts		
c At any time during the calendar year, did the organization maintain an office outside of the U.S.? If 'Yes,' enter the name of the foreign country: <input type="text"/>	42 c	X

43 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041 — Check here ☐ N/A
 and enter the amount of tax-exempt interest received or accrued during the tax year 43 N/A

	Yes	No
44 a Did the organization maintain any donor advised funds during the year? If 'Yes,' Form 990 must be completed instead of Form 990-EZ	44 a	X
b Did the organization operate one or more hospital facilities during the year? If 'Yes,' Form 990 must be completed instead of Form 990-EZ	44 b	X
c Did the organization receive any payments for indoor tanning services during the year?	44 c	X
d If 'Yes' to line 44c, has the organization filed a Form 720 to report these payments? If 'No,' provide an explanation in Schedule O	44 d	
45 a Did the organization have a controlled entity of the organization within the meaning of section 512(b)(13)?	45 a	X
b Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If 'Yes,' Form 990 and Schedule R may need to be completed instead of Form 990-EZ (see instructions)	45 b	X

46 Did the organization engage, directly or indirectly, in political campaign activities on behalf of or in opposition to candidates for public office? If 'Yes,' complete Schedule C, Part I

	Yes	No
46		X

Part VI Section 501(c)(3) organizations only

All section 501(c)(3) organizations must answer questions 47-49b and 52, and complete the tables for lines 50 and 51.

Check if the organization used Schedule O to respond to any question in this Part VI ☐

47 Did the organization engage in lobbying activities or have a section 501(h) election in effect during the tax year? If 'Yes,' complete Schedule C, Part II

	Yes	No
47		
48		
49a		
49b		

48 Is the organization a school as described in section 170(b)(1)(A)(ii)? If 'Yes,' complete Schedule E

49a Did the organization make any transfers to an exempt non-charitable related organization?

b If 'Yes,' was the related organization a section 527 organization?

50 Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter 'None'

(a) Name and title of each employee	(b) Average hours per week devoted to position	(c) Reportable compensation (Forms W-2/1099-MISC)	(d) Health benefits, contributions to employee benefit plans, and deferred compensation	(e) Estimated amount of other compensation

f Total number of other employees paid over \$100,000

51 Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter 'None'

(a) Name and business address of each independent contractor	(b) Type of service	(c) Compensation

d Total number of other independent contractors each receiving over \$100,000

52 Did the organization complete Schedule A? **Note.** All section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A

☐ Yes ☐ No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer

Date

Todd Bradford
Type or print name and title

President

Paid Preparer Use Only

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if self-employed

PTIN

LOUANNE GAGNON CPA

Louanne Gagnon CPA

5/3/2014

Firm's name ▶ LT Gagnon, PLC

Firm's address ▶ 5315 E Dragoon Ave
Mesa, AZ 85206

Firm's EIN ▶ 90-0968587

Phone no (480) 924-9245

May the IRS discuss this return with the preparer shown above? See instructions

☒ Yes ☐ No

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Name of the organization

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is
at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public
Inspection

Save Our Future NOW

Employer identification number

45-4568597

Form 990-EZ, Part III - Organization's Primary Exempt Purpose

Promote social welfare as it relates to creating and implementing educational
policy. Activities include policy research, public education and lobbying for
changes in educational policies.

Save Our Future NOW

45-4568597

Form 990-EZ, Part I, Line 16
Other Expenses

Contributions	\$	15,000.
Mailings		6,090.
Website Services		7,481.
Total	\$	<u>28,571.</u>

EXHIBIT O

State of Arizona



Independent Expenditure Notification

Phone: (602) 451-6958

Save Our Future Now
Filer #: 201200622

2014 IE Corp LLC Labor Notification

Election Cycle:	2013-2014
Date Filed:	October 24, 2014
Reporting Period:	November 27, 2012-October 23, 2014

Report ID: 122309

201200622 Save Our Future Now

IE Corp LLC Labor Notification
Covers 11/27/2012 to 10/23/2014

Transaction Date	Benefits or Opposes	Committee ID - Name	Amount
10/16/2014	Advocating Election	201400121 - Forese For Arizona - General	\$350.00
Category:	Communications - Other		
Memorandum	emails also benefits doug little for corporation commission		
10/16/2014	Advocating Election	201400349 - Doug Little for Arizona Corporation Commission - General	\$350.00
Category:	Communications - Other		
Memorandum	emails..also benefits Forese For Arizona		
10/23/2014	Advocating Election	201400121 - Forese For Arizona - General	\$2,333.33
Category:	Communications - TV		
Memorandum	Production. also benefits Doug Little for corporation commission and advocates defeat for Kennedy 2014		
10/23/2014	Advocating Defeat	201400311 - Kennedy 2014 - General	\$2,333.34
Category:	Communications - TV		
Memorandum	Production. also benefits Tom Forese and Doug little. Media buy reported 10/10		
10/23/2014	Advocating Election	201400349 - Doug Little for Arizona Corporation Commission - General	\$2,333.33
Category:	Communications - TV		
Memorandum	Production. Also benefits Forese for Arizona. advocates defeat of Kennedy 2014. Media buy reported 10/10/14		

EXHIBIT P

State of Arizona



Independent Expenditure Notification

Phone: (602) 451-6958

Save Our Future Now
Filer #: 201200622

2014 IE Corp LLC Labor Notification

Election Cycle:	2013-2014
Date Filed:	October 10, 2014
Reporting Period:	November 27, 2012-October 9, 2014

Report ID: 122057

201200622 Save Our Future Now

IE Corp LLC Labor Notification
Covers 11/27/2012 to 10/09/2014

Transaction Date	Benefits or Opposes	Committee ID - Name	Amount
10/09/2014	Advocating Defeat	201400311 - Kennedy 2014 - General	\$900,000.00
Category:	Communications - TV		
10/09/2014	Advocating Defeat	201400311 - Kennedy 2014 - General	\$30.00
Category:	Administration - Bank fees/service charge		
Memor:	wire fee		

EXHIBIT Q

State of Arizona



Independent Expenditure Notification

Phone: (602) 451-6958

Save Our Future Now
Filer #: 201200622

2014 IE Corp LLC Labor Notification

Election Cycle:	2013-2014
Date Filed:	October 29, 2014
Reporting Period:	November 27, 2012-October 28, 2014

Report ID: 123846

201200622 Save Our Future Now

IE Corp LLC Labor Notification
Covers 11/27/2012 to 10/28/2014

Transaction Date	Benefits or Opposes	Committee ID - Name	Amount
10/28/2014	Advocating Election	201400121 - Forese For Arizona - General	
Category:	Communications - Mailings		
Memorandum	Also benefits Doug Little for Corporation Commission		
10/28/2014	Advocating Election	201400349 - Doug Little for Arizona Corporation Commission - General	
Category:	Communications - Mailings		
Memorandum	Also benefits Forese for Arizona		\$23,897.98

EXHIBIT R

State of Arizona



Independent Expenditure Notification

Phone: (602) 451-6958

Save Our Future Now
Filer #: 201200622

2014 IE Corp LLC Labor Notification

Election Cycle:	2013-2014
Date Filed:	October 15, 2014
Reporting Period:	November 27, 2012-October 14, 2014

Report ID: 122089

201200622 Save Our Future Now

IE Corp LLC Labor Notification
Covers 11/27/2012 to 10/14/2014

Transaction Date	Benefits or Opposes	Committee ID - Name	Amount
10/14/2014	Advocating Election	201400121 - Forese For Arizona - General	\$47,569.00
Category:	Communications - Mailings		
Memorandum	Also benefits doug little for corporation commission		
10/14/2014	Advocating Defeat	201400311 - Kennedy 2014 - General	\$2,700.00
Category:	Communications - TV		
Memorandum	Production and trafficking		
10/14/2014	Advocating Defeat	201400311 - Kennedy 2014 - General	\$1,500.00
Category:	Communications - Other		
Memorandum	email delivery		
10/14/2014	Advocating Election	201400349 - Doug Little for Arizona Corporation Commission - General	\$47,569.00
Category:	Communications - Mailings		
Memorandum	Also benefits tom forese		

EXHIBIT S

State of Arizona



Independent Expenditure Notification

Phone: (602) 451-6958

Save Our Future Now
Filer #: 201200622

2014 IE Corp LLC Labor Notification

Election Cycle:	2013-2014
Date Filed:	October 7, 2014
Reporting Period:	November 27, 2012-October 6, 2014

Report ID: 122014

201200622 Save Our Future Now

IE Corp LLC Labor Notification
Covers 11/27/2012 to 10/06/2014

Transaction Date	Benefits or Opposes	Committee ID - Name	Amount
08/20/2014	Advocating Election	201400121 - Forese For Arizona - Primary	\$400.00
Category:	Communications - TV		
Memo:	This is one-third of an expenditure advocating the defeat of Parker and the election of Forese and Little		
08/20/2014	Advocating Election	201400349 - Doug Little for Arizona Corporation Commission - Primary	\$400.00
Category:	Communications - Advertising		
Memo:	This is one-third of an expenditure advocating the defeat of Parker and the election of Forese and Little		
08/20/2014	Advocating Defeat	201400458 - Vernon Parker for Arizona Corporation Commissioner - Primary	\$400.00
Category:	Communications - TV		
Memo:	This is one-third of an expenditure advocating the defeat of Parker and the election of Forese and Little		
08/22/2014	Advocating Election	201400121 - Forese For Arizona - Primary	\$312.50
Category:	Communications - Other		
08/22/2014	Advocating Election	201400349 - Doug Little for Arizona Corporation Commission - Primary	\$312.50
Category:	Communications - Other		
08/22/2014	Advocating Defeat	201400458 - Vernon Parker for Arizona Corporation Commissioner - Primary	\$625.00
Category:	Communications - Other		
09/25/2014	Advocating Election	201400349 - Doug Little for Arizona Corporation Commission - General	\$1,500.00
Category:	Communications - Other		
Memo:	emails		
10/06/2014	Advocating Defeat	201400311 - Kennedy 2014 - General	\$400,000.00
Category:	Communications - TV		
10/06/2014	Advocating Defeat	201400311 - Kennedy 2014 - General	\$30.00
Category:	Communications - Other		
Memo:	wire transfer fee		

EXHIBIT T

State of Arizona



Independent Expenditure Notification

Phone: (602) 451-6958

Save Our Future Now
Filer #: 201200622

2014 IE Corp LLC Labor Notification

Election Cycle:	2013-2014
Date Filed:	November 4, 2014
Reporting Period:	November 27, 2012-November 2, 2014

Report ID: 124088

201200622 Save Our Future Now

Transaction Date Benefits or Opposes
10/31/2014 Advocating Defeat
Category Communications - Other
Memo auto dial phone calls

Committee ID - Name
201400311 - Kennedy 2014 - General

IE Corp LLC Labor Notification
Covers 11/27/2012 to 11/02/2014
Amount
\$7,942.00

EXHIBIT U

State of Arizona



Independent Expenditure Notification

Phone: (602) 451-6958

Save Our Future Now
Filer #: 201200622

2014 IE Corp LLC Labor Notification

Election Cycle:	2013-2014
Date Filed:	October 8, 2014
Reporting Period:	November 27, 2012-October 7, 2014

Report ID: 122031

201200622 Save Our Future Now

IE Corp LLC Labor Notification
Covers 11/27/2012 to 10/07/2014

Transaction Date	Benefits or Opposes	Committee ID - Name	Amount
10/07/2014	Advocating Election	201400121 - Forese For Arizona - General	\$1,800.00
Category:	Communications - Signs		
Memorandum	Also benefits doug little for corporation commission		
10/07/2014	Advocating Defeat	201400311 - Kennedy 2014 - General	\$14,000.00
Category:	Communications - TV		
Memorandum	Production		
10/07/2014	Advocating Election	201400349 - Doug Little for Arizona Corporation Commission - General	\$1,800.00
Category:	Communications - Signs		
Memorandum	Also benefits tom forese		

EXHIBIT V

State of Arizona



Independent Expenditure Notification

Phone: (602) 451-6958

Save Our Future Now
Filer #: 201200622

2014 IE Corp LLC Labor Notification

Election Cycle:	2013-2014
Date Filed:	August 20, 2014
Reporting Period:	November 27, 2012-August 19, 2014

Report ID: 118425

201200622 Save Our Future Now

IE Corp LLC Labor Notification
Covers 11/27/2012 to 08/19/2014

Transaction Date	Benefits or Opposes	Committee ID - Name	Amount
08/15/2014	Advocating Election	201400121 - Forese For Arizona - Primary	\$10.00
Category:	Communications - TV		
Memo:	Wire transfer fee. this expense is 1/3 of expense advocating the defeat of Vernon Parker and the election of to forese and doug little		
08/15/2014	Advocating Election	201400349 - Doug Little for Arizona Corporation Commission - Primary	\$10.00
Category:	Communications - TV		
Memo:	Wire transfer fee		
08/15/2014	Advocating Defeat	201400458 - Vernon Parker for Arizona Corporation Commissioner - Primary	\$10.00
Category:	Communications - TV		
Memo:	Wire transfer fee. This expense is 1/3 of expense advocating for defeat of Vernon Parker and the election to tom forese and doug little		
08/15/2014	Advocating Defeat	201400458 - Vernon Parker for Arizona Corporation Commissioner - Primary	\$60.00
Category:	Communications - Other		
Memo:	Wire transfer fee		
08/19/2014	Advocating Election	201400121 - Forese For Arizona - Primary	\$10.00
Category:	Communications - TV		
Memo:	wire transfer fee This is one-third of an expenditure advocating the defeat of Parker and the election of Forese and Little		
08/19/2014	Advocating Election	201400121 - Forese For Arizona - Primary	\$100,000.00
Category:	Communications - TV		
Memo:	This is one-third of an expenditure advocating the defeat of Parker and the election of Forese and Little		
08/19/2014	Advocating Election	201400349 - Doug Little for Arizona Corporation Commission - Primary	\$10.00
Category:	Communications - TV		
Memo:	wire transfer fee		
08/19/2014	Advocating Election	201400349 - Doug Little for Arizona Corporation Commission - Primary	\$100,000.00
Category:	Communications - TV		
Memo:	This is one-third of an expenditure advocating the defeat of Parker and the election of Forese and Little		
08/19/2014	Advocating Defeat	201400458 - Vernon Parker for Arizona Corporation Commissioner - Primary	\$100,000.00
Category:	Communications - TV		
Memo:	This is one-third of an expenditure advocating the defeat of Parker and the election of Forese and Little		
08/19/2014	Advocating Defeat	201400458 - Vernon Parker for Arizona Corporation Commissioner - Primary	\$10.00
Category:	Communications - TV		
Memo:	wire transfer fee		

EXHIBIT W

State of Arizona



Independent Expenditure Notification

Phone: (602) 451-6958

Save Our Future Now
Filer #: 201200622

2014 IE Corp LLC Labor Notification

Election Cycle:	2013-2014
Date Filed:	June 17, 2014
Reporting Period:	November 27, 2012-June 16, 2014

Report ID: 113066

201200622 Save Our Future Now

IE Corp LLC Labor Notification
Covers 11/27/2012 to 06/16/2014

Transaction Date	Benefits or Opposes	Committee ID - Name	Amount
06/11/2014	Advocating Election	201400121 - Forese For Arizona - Primary	\$6,142.00
Category:	Communications - Flyers/handouts/door hangers		
Memorandum:	This expenditure also benefits Doug Little for Arizona Corporation Commission		
06/11/2014	Advocating Election	201400349 - Doug Little for Arizona Corporation Commission - Primary	\$6,142.00
Category:	Communications - Flyers/handouts/door hangers		
Memorandum:	This expenditure also benefits Forese for Arizona		
06/16/2014	Advocating Election	201200308 - BoyerAZ.com - Primary	\$2,741.71
Category:	Communications - Flyers/handouts/door hangers		
Memorandum:	also Benefits friends of Bill Adams		
06/16/2014	Advocating Election	201400197 - Effie for AZ - Primary	\$3,383.50
Category:	Communications - Flyers/handouts/door hangers		
Memorandum:	Also benefits Jeff Schwartz for Senate		
06/16/2014	Advocating Election	201400357 - Vote Scott Bartle - Primary	\$5,798.45
Category:	Communications - Flyers/handouts/door hangers		
Memorandum:	printing		
06/16/2014	Advocating Election	201400494 - Committee to Elect Jeff Schwartz - Primary	\$3,383.50
Category:	Communications - Flyers/handouts/door hangers		
Memorandum:	also benefits Effie for AZ		
06/16/2014	Advocating Election	201400560 - Friends of Bill Adams - Primary	\$2,741.71
Category:	Communications - Flyers/handouts/door hangers		
Memorandum:	Also Benefits Boyeraz.com		

EXHIBIT X

State of Arizona



Independent Expenditure Notification

Phone: (602) 451-6958

Save Our Future Now
Filer #: 201200622

2014 IE Corp LLC Labor Notification

Election Cycle:	2013-2014
Date Filed:	July 8, 2014
Reporting Period:	November 27, 2012-July 7, 2014

Report ID: 113863

201200622 Save Our Future Now

IE Corp LLC Labor Notification
Covers 11/27/2012 to 07/07/2014

Transaction Date	Benefits or Opposes	Committee ID - Name	Amount
07/07/2014	Advocating Election	201400121 - Forese For Arizona - Primary	\$1,097.00
Category:	Communications - Other		
Memo:	also benefits doug little for corporation comission		
07/07/2014	Advocating Election	201400349 - Doug Little for Arizona Corporation Commission - Primary	\$1,097.00
Category:	Communications - Other		
Memo:	also benefits forese 2014		

EXHIBIT Y

State of Arizona



Independent Expenditure Notification

Phone: (602) 451-6958

Save Our Future Now
Filer #: 201200622

2014 IE Corp LLC Labor Notification

Election Cycle:	2013-2014
Date Filed:	August 5, 2014
Reporting Period:	November 27, 2012-August 4, 2014

Report ID: 115240

201200622 Save Our Future Now

Transaction Date Benefits or Opposes
08/04/2014 Advocating Defeat
Category: Communications - TV

Committee ID - Name

201400458 - Vernon Parker for Arizona Corporation Commissioner - Primary

IE Corp LLC Labor Notification
Covers 11/27/2012 to 08/04/2014

Amount

\$250,000.00

EXHIBIT Z

State of Arizona



Independent Expenditure Notification

Phone: (602) 451-6958

Save Our Future Now
Filer #: 201200622

2014 IE Corp LLC Labor Notification

Election Cycle:	2013-2014
Date Filed:	July 30, 2014
Reporting Period:	November 27, 2012-July 29, 2014

Report ID: 115188

201200622 Save Our Future Now

IE Corp LLC Labor Notification
Covers 11/27/2012 to 07/29/2014

Transaction Date	Benefits or Opposes	Committee ID - Name	Amount
07/22/2014	Advocating Defeat	201400372 - Elect Mason Corp Com - Primary	\$625.00
Category:	Communications - Other		
07/22/2014	Advocating Defeat	201400458 - Vernon Parker for Arizona Corporation Commissioner - Primary	\$625.00
Category:	Communications - Other		
07/29/2014	Advocating Election	201400420 - Vote Lydia Hernandez - Primary	\$4,078.00
Category:	Communications - Mailings		
07/29/2014	Advocating Defeat	201400458 - Vernon Parker for Arizona Corporation Commissioner - Primary	\$8,700.00
Category:	Communications - TV		

EXHIBIT AA

State of Arizona



Independent Expenditure Notification

Phone: (602) 451-6958

Save Our Future Now
Filer #: 201200622

2014 IE Corp LLC Labor Notification

Election Cycle:	2013-2014
Date Filed:	July 18, 2014
Reporting Period:	November 27, 2012-July 17, 2014

Report ID: 115028

201200622 Save Our Future Now

IE Corp LLC Labor Notification
Covers 11/27/2012 to 07/17/2014

Transaction Date	Benefits or Opposes	Committee ID - Name	Amount
07/17/2014	Advocating Defeat	201400372 - Elect Mason Corp Com - Primary	\$29,870.00
Category:	Communications - Mailings		
07/17/2014	Advocating Defeat	201400458 - Vernon Parker for Arizona Corporation Commissioner - Primary	\$29,870.00
Category:	Communications - Mailings		

EXHIBIT AB

State of Arizona



Independent Expenditure Notification

Phone: (602) 451-6958

Save Our Future Now
Filer #: 201200622

2014 IE Corp LLC Labor Notification

Election Cycle:	2013-2014
Date Filed:	June 27, 2014
Reporting Period:	November 27, 2012-June 26, 2014

Report ID: 113464

201200622 Save Our Future Now

IE Corp LLC Labor Notification
Covers 11/27/2012 to 06/26/2014

Transaction Date	Benefits or Opposes	Committee ID - Name	Amount
06/26/2014	Advocating Election	201400121 - Forese For Arizona - Primary	\$3,712.00
Category:	Communications - Signs		
Memorandum	Also benefits doug little		
06/26/2014	Advocating Election	201400349 - Doug Little for Arizona Corporation Commission - Primary	\$3,712.00
Category:	Communications - Signs		
Memorandum	Also Benefits Vote Forese		

EXHIBIT AC

State of Arizona



Independent Expenditure Notification

Phone: (602) 451-6958

Save Our Future Now
Filer #: 201200622

2014 IE Corp LLC Labor Notification

Election Cycle:	2013-2014
Date Filed:	July 10, 2014
Reporting Period:	November 27, 2012-July 9, 2014

Report ID: 113901

201200622 Save Our Future Now

IE Corp LLC Labor Notification
Covers 11/27/2012 to 07/09/2014

Transaction Date	Benefits or Opposes	Committee ID - Name	Amount
07/09/2014	Advocating Election	201400121 - Forese For Arizona - Primary	\$525.00
Category:	Communications - Newspapers		
07/09/2014	Advocating Election	201400197 - Effie for AZ - Primary	\$262.50
Category:	Communications - Newspapers		
07/09/2014	Advocating Election	201400349 - Doug Little for Arizona Corporation Commission - Primary	\$525.00
Category:	Communications - Newspapers		
07/09/2014	Advocating Defeat	201400458 - Vernon Parker for Arizona Corporation Commissioner - Primary	\$82,406.00
Category:	Communications - Mailings		
07/09/2014	Advocating Election	201400494 - Committee to Elect Jeff Schwartz - Primary	\$262.50
Category:	Communications - Newspapers		

EXHIBIT AD

State of Arizona



Independent Expenditure Notification

Phone: (602) 451-6958

Save Our Future Now
Filer #: 201200622

2014 IE Corp LLC Labor Notification

Election Cycle:	2013-2014
Date Filed:	August 1, 2014
Reporting Period:	November 27, 2012-July 31, 2014

Report ID: 115208

201200622 Save Our Future Now

Transaction Date Benefits or Opposes
 07/31/2014 Advocating Defeat
 Category: Communications - TV
 07/31/2014 Advocating Defeat
 Category: Communications - TV

Committee ID - Name

201400458 - Vernon Parker for Arizona Corporation Commissioner - Primary

201400458 - Vernon Parker for Arizona Corporation Commissioner - Primary

IE Corp LLC Labor Notification
 Covers 11/27/2012 to 07/31/2014

Amount
 \$250,000.00

\$4,200.00

EXHIBIT AE

State of Arizona



Independent Expenditure Notification

Phone: (602) 451-6958

Save Our Future Now
Filer #: 201200622

2014 IE Corp LLC Labor Notification

Election Cycle:	2013-2014
Date Filed:	August 15, 2014
Reporting Period:	November 27, 2012-August 14, 2014

Report ID: 115678

201200622 Save Our Future Now

IE Corp LLC Labor Notification
Covers 11/27/2012 to 08/14/2014

Transaction Date	Benefits or Opposes	Committee ID - Name	Amount
08/06/2014	Advocating Defeat	201400458 - Vernon Parker for Arizona Corporation Commissioner - Primary	\$625.00
Category:	Communications - Other		
08/07/2014	Advocating Defeat	201400458 - Vernon Parker for Arizona Corporation Commissioner - Primary	\$625.00
Category:	Communications - Other		
08/14/2014	Advocating Election	201400121 - Forese For Arizona - Primary	\$1,666.67
Category:	Communications - TV		
Memorandum	This is one-third of an expenditure advocating the defeat of Parker and the election of Forese and Little		
08/14/2014	Advocating Election	201400121 - Forese For Arizona - Primary	\$100,000.00
Category:	Communications - TV		
Memorandum	This is one-third of an expenditure advocating the defeat of Parker and the election of Forese and Little		
08/14/2014	Advocating Election	201400121 - Forese For Arizona - Primary	\$400.00
Category:	Communications - TV		
Memorandum	This is one-third of an expenditure advocating the defeat of Parker and the election of Forese and Little		
08/14/2014	Advocating Election	201400349 - Doug Little for Arizona Corporation Commission - Primary	\$400.00
Category:	Communications - TV		
Memorandum	This is one-third of an expenditure advocating the defeat of Parker and the election of Forese and Little		
08/14/2014	Advocating Election	201400349 - Doug Little for Arizona Corporation Commission - Primary	\$100,000.00
Category:	Communications - TV		
Memorandum	This is one-third of an expenditure advocating the defeat of Parker and the election of Forese and Little		
08/14/2014	Advocating Election	201400349 - Doug Little for Arizona Corporation Commission - Primary	\$1,666.67
Category:	Communications - TV		
Memorandum	This is one-third of an expenditure advocating the defeat of Parker and the election of Forese and Little		
08/14/2014	Advocating Defeat	201400458 - Vernon Parker for Arizona Corporation Commissioner - Primary	\$1,666.67
Category:	Communications - TV		
Memorandum	This is one-third of an expenditure advocating the defeat of Parker and the election of Forese and Little		
08/14/2014	Advocating Defeat	201400458 - Vernon Parker for Arizona Corporation Commissioner - Primary	\$400.00
Category:	Communications - TV		
Memorandum	This is one-third of an expenditure advocating the defeat of Parker and the election of Forese and Little		
08/14/2014	Advocating Defeat	201400458 - Vernon Parker for Arizona Corporation Commissioner - Primary	\$100,000.00
Category:	Communications - TV		
Memorandum	This is one-third of an expenditure advocating the defeat of Parker and the election of Forese and Little		

EXHIBIT AF

State of Arizona



Independent Expenditure Notification

Phone: (602) 451-6958

Save Our Future Now
Filer #: 201200622

2014 IE Corp LLC Labor Notification

Election Cycle:	2013-2014
Date Filed:	July 15, 2014
Reporting Period:	November 27, 2012-July 14, 2014

Report ID: 114924

201200622 Save Our Future Now

IE Corp LLC Labor Notification
Covers 11/27/2012 to 07/14/2014

Transaction Date	Benefits or Opposes	Committee ID - Name	Amount
07/14/2014	Advocating Defeat	201400458 - Vernon Parker for Arizona Corporation Commissioner - Primary	\$1,800.00
Category:	Communications - Other		

EXHIBIT AG

Roberts: 15 million reasons why our leaders love dark money

LAURIE ROBERTS ([//WWW.AZCENTRAL.COM/VIEWPOINTS/LAURIEROBERTS/](http://WWW.AZCENTRAL.COM/VIEWPOINTS/LAURIEROBERTS/))

Laurie Roberts (<http://www.azcentral.com/staff/25817/laurie-roberts/>), The Republic | azcentral.com

Published 6:50 a.m. MT April 7, 2016 | Updated 2:22 p.m. MT April 7, 2016

How, you wonder, could the Legislature possibly be one vote away from [legalizing consumer loans with up to 204 percent interest](http://story/opinion/op-ed/laurieroberts/2016/03/14/roberts-arizona-legislators-score-payday-flex-loan-bill/81661272/) ([/story/opinion/op-ed/laurieroberts/2016/03/14/roberts-arizona-legislators-score-payday-flex-loan-bill/81661272/](http://story/opinion/op-ed/laurieroberts/2016/03/14/roberts-arizona-legislators-score-payday-flex-loan-bill/81661272/))?

Why would our leaders pass a bill allowing a [city to opt out of longstanding rules](http://story/opinion/op-ed/laurieroberts/2016/04/01/roberts/82522022/) ([/story/opinion/op-ed/laurieroberts/2016/04/01/roberts/82522022/](http://story/opinion/op-ed/laurieroberts/2016/04/01/roberts/82522022/)) designed to ensure that Arizona doesn't run out of water? This, so that a California developer can build 7,000 houses in Sierra Vista.

Do you wonder why we're building private prisons while we stiff public schools? Why our leaders are always so quick to push more and more tax funds to private schools?

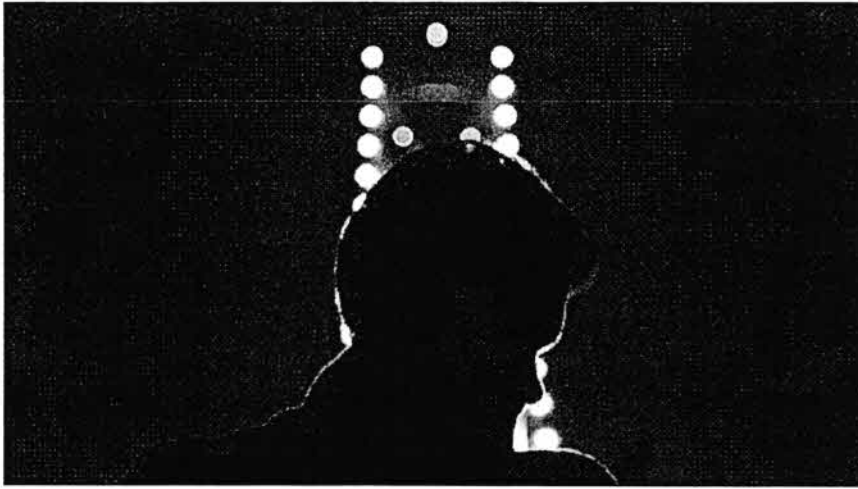
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Like you, I have no idea.

Here's what I do know: When it comes to dark money, Arizona is like a giant laundromat. Scrub a dub dub ... bet you can't figure out who is secretly funding this club – the elite group of leaders who claim to represent us, that is.

They spent HOW MUCH?



(Photo: A_Melnyk, Getty Images/Stockphoto)

Anonymous interests spent at least \$15 million trying to get their favored candidates installed in Arizona's state and legislative offices in 2014. They largely succeeded though with two rather spectacular failures – the dark money drives to install Democrat David Garcia as state superintendent and Republican Justin Pierce as secretary of state.

Expect to see even more secret spending in 2016 and beyond, thanks to a new law that makes it easier for big-money donors to secretly fund campaigns ([/story/opinion/op-ed/laurieroberts/2016/03/29/roberts-dark-day-arizona-house-just-sold-us-out/82407346/](http://story/opinion/op-ed/laurieroberts/2016/03/29/roberts-dark-day-arizona-house-just-sold-us-out/82407346/)) in order to buy influence. Only you'll never know it's happening because you won't be able to see it.

In 2014, dark money played a big role in selecting Arizona's governor and corporation commissioners – the regulators who set your utility rates.

Meanwhile, secret backers spent at least \$1.44 million on legislative races, according to reporter Evan Wyloge, of the Arizona Center for Investigative Reporting. (<http://azcir.org/>)

In all, 47 of our 90 legislators enjoyed dark money support, most of them Republicans. The bulk of dark money was spent in hotly contested Republican primaries.

Why did dark money support these guys?



Gov. Doug Ducey's plan to revamp Arizona's Medicaid program wins federal approval. (Photo Emmanuel Lozano/The Republic)

Here's a look at the forces of darkness – whoever they are – and where they stood in 2014, according to state campaign-finance records.

Gov. Doug Ducey slid into office with a little help from his secret friends. Anonymous interests spent at least \$5.2 million to make sure that he became governor of Arizona. Among the dark-money groups that supported him or spent money to clear out his competition: the Arizona Free Enterprise Club, Veterans for a Strong America, the 60 Plus Association, American Encore, Concerned Women Legislative Action Committee and the Legacy Foundation Action Fund. All six groups have ties to billionaire industrialists Charles and David Kochs' secretive network of conservative donors.

Arizona Corporation Commissioners Doug Little and Tom Forese rode onto the five-person commission that sets utility rates with \$3.2 million of help from the Arizona Free Enterprise Club and Save Our Future Now. APS – whose profits are heavily dependent on the commissioners' decisions – is widely believed to have fronted the campaign for the Arizona Free Enterprise Club, which in turn funded Save Our Future Now, according to IRS records.

Secretary of State Michele Reagan won a hotly contested GOP primary despite a jaw dropping \$752,000 in dark money spent on Justin Pierce. The Arizona Free Enterprise Club bankrolled the campaign to plow the road for Pierce, who happens to be the son of then-Corporation Commissioner Gary Pierce. The strategy backfired amid suspicions about who was dropping so much dough into the race.

State Superintendent Diane Douglas was elected despite the efforts of the dark money group Stand for Children Inc., funded in part by former New York Mayor Michael Bloomberg and in part by Stand For Children Inc., a national education-focused non-profit. Stand for Children dumped \$394,000 into the defeating Douglas and electing Democrat David Garcia.

The Arizona Free Enterprise Club was the state's largest dark money operation in 2014, spending \$1.73 million to get you to vote a certain way. It was followed by 60 plus (\$1.69 million) and American Encore (\$1.46 million). In addition to backing Ducey for governor and Forese and Little for the Corporation Commission and Pierce for secretary of state, it spent nearly \$300,000 trying to elect the most conservative Legislature possible.

Legislators the group backed: Republican Sens. Sylvia Allen of Snowflake and David Farnsworth of Mesa. Also, Republican Reps. Bob Thorpe of Flagstaff, Brenda Barton of Payson, Jill Norgaard of Phoenix, Paul Boyer Phoenix, Anthony Kern of Glendale, Steve Montenegro and Darin Mitchell of Litchfield Park, Steve Smith of Maricopa, Rusty Bowers of Mesa, Vince Leach of Tucson and Mark Finchem of R-Oro Valley. Legislators the group opposed: Democratic Sen. Barbara McGuire of Kearney and Reps. Eric Meyer, D-Phoenix, Bob Robson, R-Chandler, Bob Worsley, R-Mesa and Doug Coleman, R-Apache Junction.

And the top 10 legislators enjoying dark money support are...



(Photo: Charlie Leight/The Republic)

Here are the top 10 legislators to benefit from dark money in 2014. Nine of them voted for SB 1516, the dark money expansion law. The 10th, Sen. Catherine Miranda, never recorded a vote on the bill.

Sen. Bob Worsley, R-Mesa, scored the biggest dark money boost of any legislator. Worsley enjoyed nearly \$120,000 worth of secret help to fend off a strong challenge from Republican Ralph Heap. The Arizona Business Coalition, Stand for Children and Arizona 2014 backed Worsley. Heap attracted \$42,000 in dark money support.

Sen. Catherine Miranda, D-Phoenix, won her south Phoenix seat with more than \$113,000 of anonymous help. Her secret admirers included the Koch-connected Save Our Future Now along with Arizona 2014 and Friends of Arizona. Her Democratic opponent, Aaron Marquez, attracted nearly \$24,000 in dark money support from New Politics.

Sen. Sylvia Allen, R-Snowflake, benefited from nearly \$73,000 in dark money. The Arizona Free Enterprise Club, the American Federation for Children and the Center for Arizona Policy Action spent big to ensure that Allen defeated independent Tom O'Halleran.

Sen. Jeff Dial, R-Chandler, attracted at least \$68,000 in anonymous support as he battled former state GOP Chairman Tom Morrissey in this swing district. Among his dark money supporters: Stand for Children, American Federation for Children, Arizona Residents Council, Arizona Business Coalition and Arizona Chamber Jobs.

Rep. Doug Coleman, R-Apache Junction, enjoyed \$44,000 in dark money help against a primary challenge from former Rep. John Fillmore. The Arizona Business Coalition, Stand for Children and the American Federation for Children backed Coleman. Meanwhile, the Arizona Free Enterprise Club and American Federation for Children (yeah, same group that supported him) spent \$54,000 to oppose him.

Sen. Carlyle Begay, then-D-Ganado, benefited from \$44,000 in dark money help to defeat three candidates who attracted no dark money support. Begay's dark money support came from Friends of Arizona and the American Federation for Children. Begay has since become a Republican.

Rep. Bob Robson, R-Chandler, benefited from \$43,000 in dark money support. His backers were the Arizona Business Coalition, Stand for Children and the Arizona Residents Council. Meanwhile, the Arizona Free Enterprise Club plunked down more than \$40,000 to defeat him.

Sen. Steve Smith, R-Maricopa, enjoyed at least \$38,000 in secret help. His fan club funneled money through the Arizona Free Enterprise Club, American Federation for Children and Center for Arizona Policy Action. Smith's opponent, Scott Bartle, enjoyed \$81,000 in dark money support.

Rep. Jill Norgaard, R-Phoenix, attracted more than \$37,000 in dark money support, from the Arizona Free Enterprise Club and American Federation for Children. Her Republican challenger John King got more than \$22,000 in dark money support.

Sen. John Kavanagh, R-Fountain Hills, got \$36,000 in dark money help, courtesy of the Center for Arizona Policy Action and the American Federation for Children. That, however, is dwarfed by the more than \$93,000 dark money drive to replace him with Republican Jeff Schwartz.

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'Dark Money' Clouds Contentious Arizona Corporation Commission Race

By Kristena Hansen

Published: Thursday, October 16, 2014 - 5:00am

Updated: Thursday, October 16, 2014 - 5:05am

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The Arizona Corporation Commission and its elections have historically flown under the radar.

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But this year's race between the two Republicans and two Democrats vying for the two open commission seats is one of the most controversial on the November ballot.

The outcome could set the tone for solar and renewable energy in Arizona for years to come, and that's prompted 'dark money' groups to dump an unprecedented amount of cash into the race in an effort to sway it in the GOP's favor.

The Corporation Commission incorporates new businesses, regulates securities and investments and oversees safety of the state's railway systems.

It also plays a big role in the everyday lives of Arizona residents. The rates that millions of Arizonans pay for basic utilities such as water, sewer, electricity and gas are determined by the five Corporation Commissioners.

Despite this enormous responsibility, the commission hasn't received much attention. But with the proliferation of solar, particularly rooftop solar, in Arizona that's been changing.

"Solar has had a huge upswing and that's brought a lot of great benefits for customers, but it's also created a lot of complexity for the grid itself as a physical engine and it's created real quandaries in who pays for what," said Paul Walker, a utilities lobbyist at Phoenix-based Insight Consulting LLC.

That dilemma has ignited a turf war between the solar industry and Arizona utilities such as Arizona Public Service Co. in recent years. The nation has been keeping an eye on how the commission, which regulates monopolistic utilities such as APS, referees the debate.

But the current all-Republican commission has earned a pro-utility reputation, which Walker said isn't deserved.

"The election of the Democrats, I think you would see a lot more debate at the commission about renewable energy's role," he said. "I think the Republicans now at the commission, and (Tom) Forese and (Doug) Little, I think all five of them have adopted a sort of all-of-the-above approach to energy in Arizona."

Democratic candidates Jim Holway and Sandra Kennedy have been coined the "pro-solar" candidates.

GOP candidates Tom Forese and Doug Little support a more diverse group of energy sources, as Walker mentioned, but they've been dubbed the "pro-utility" candidates.

(see candidate bios below)

That's because Forese and Little's campaign has benefited from more than \$3 million in 'dark money' spending, according to campaign finance documents with the Arizona Secretary of State's Office. That's far more than the roughly half-million dollars the solar industry, through a group called Tell Utilities Solar won't be Killed, has spent on the race.

The dark money is coming from two groups, Save Our Future Now and the Arizona Free Enterprise Club, who don't disclose their donors because of their 501(c)4 nonprofit statuses.

But it's widely assumed that APS is the nonprofits' primary source of funding for this campaign. APS has neither confirmed nor denied its involvement.

This is by far the largest amount of outside money that's been spent on a commission race.

It's also unprecedented for an Arizona utility to fund the election of its own regulator, which raises ethical and conflict of interest issues, said Diane Brown, executive director of the Arizona chapter of the Public Interest Research Group. She said she wonders how Forese and Little, if elected, could maintain their autonomy when making important decisions regarding APS.

"It is symbolic of key decisions that will be made in the upcoming years and special interests wanting to have an influence on who those commissioners may be. While we can never say that just because an entity contributed money, an elected official is going to vote in a certain way, we do know that there tends to be more access and influence when large sums of money are involved," Brown said.

Walker, on the other hand, said the spending is OK if a company truly feels threatened by the political platforms of certain candidates.

"I think it's not just acceptable, I think it's imperative that companies weigh in and let the voters know what's at stake in that election," he said.

Forese and Little didn't respond to multiple requests for an interview. Since the primary, the pair has declined other media interviews and Holway said they've cancelled several debates and forums.

"They are effectively squashing a conversation because they think they have a better chance of getting elected if there isn't a conversation," Holway said. "And I find that offensive."

All four candidates are campaigning with Arizona Citizens Clean Elections Commission money, which required them to participate in one debate last month on KAET's Arizona Horizon.

During that debate, Little denied any knowledge of APS's involvement and the discussion became heated when Forese addressed the issue.

"The idea that it's impossible that we have broad support is insulting. The idea that we could be bought is insulting. Ok I'm calling you out on it," Forese said, looking around the table at his opponents.

The room erupted into a brief yelling match and after host Ted Simons interjected, Forese continued.

"It's insulting, I think we have broad support," Forese said. "I don't have a problem with asking them to show who it is. I look forward to that information more than anybody else does."

Each commissioner has subpoena power, so any one of them could demand APS disclose its political spending. So far, the commissioners have not done so and both Holway and Kennedy said that's the first thing they'd do if elected.

"The fact that they don't do that, to me, is that there's a party ideology telling them not to do it because it could hurt their candidates in the election," Holway said.

There are some things all candidates seem to agree on.

For example, they oppose the state Department of Revenue's decision last year that a property tax exemption on solar should no longer apply to leased solar systems. They've also said that last year's net metering debate, the controversy over whether solar customers shift more costs onto non-solar customers, should have been conducted through a rate case, which is the rigorous process involved when utilities ask to change the rates it charges customers.

But the candidates differ on other issues, such as whether Arizonans pay too much or not enough for basic utilities.

"There's no consumer advocate," Kennedy said. "Everything that they do reflects big corporations and we've got to return some civility to the commission and I think I can do that."

Kennedy also supports deregulation of utilities, another controversial debate that the commission tabled last year. That would've allowed ratepayers to choose from whom they buy their power, similar to how consumers choose their cell phone carriers.

But Holway said he has concerns about deregulation. Overall, he said being a commissioner is a balancing act, which includes protecting utilities too.

"We need them to attract investment capital to build our water systems, to build our energy systems. They have to be successful to do that," he said. "That's the difficult balancing act for a commissioner. Your job is to represent the public, represent the ratepayer, but in the long-term interest of Arizona, driving our utilities into bankruptcy would not be the answer."

Wall Street is also keeping a close eye on this election.

In a note to investors last month, Moody's analyst Jeffrey Cassella explained how the growth of rooftop solar in APS's territory, currently about 25,000 customers, was shifting an extra \$1,000 annually to each non-solar customer.

Cassella said Forese and Little's victory in the primary over Lucy Mason and Vernon Parker, the other GOP candidates who were considered to be pro-solar, was "credit positive" for Arizona utilities.

If Mason and Parker had won, he said it "risked giving the solar industry more influence when revisiting rooftop solar rate design in the state at the expense of the utility sector."

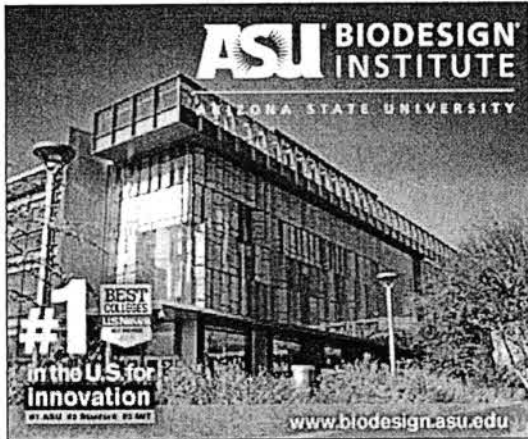
ABOUT THE CANDIDATES (in alphabetical order, by last name)

Tom Forese: Current state Representative and chairs the House Commerce Committee. Forese also works for an educational-software company called Link-Systems International Inc.

Jim Holway: Current board member of the Central Arizona Water Conservation District, which oversees the Central Arizona Project canal system. Holway was most recently director of the Sonoran Institute's Western Lands and Communities program.

Sandra Kennedy: Served one four-year term on the Arizona Corporation Commission, which ended in 2012 after being defeated as an incumbent in that year's election. Kennedy previously served several terms in the state Senate and House of Representatives and was also a board member of the Phoenix Union High School District.

Doug Little: Current owner and director of training at Armed Personal Defense, a Scottsdale-based firearms training facility. Little was also formerly vice president of North America sales for Micro Focus International, a software vendor.

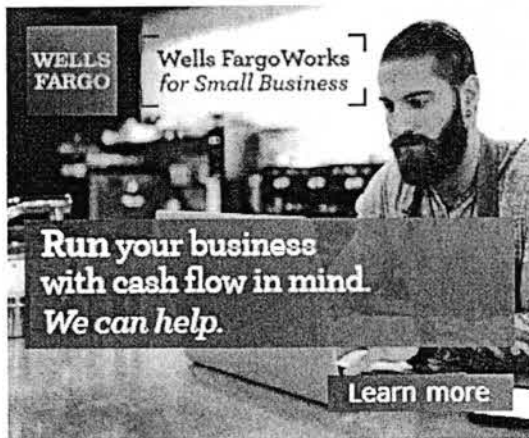


Morning Edition

Wednesday at 5 a.m.



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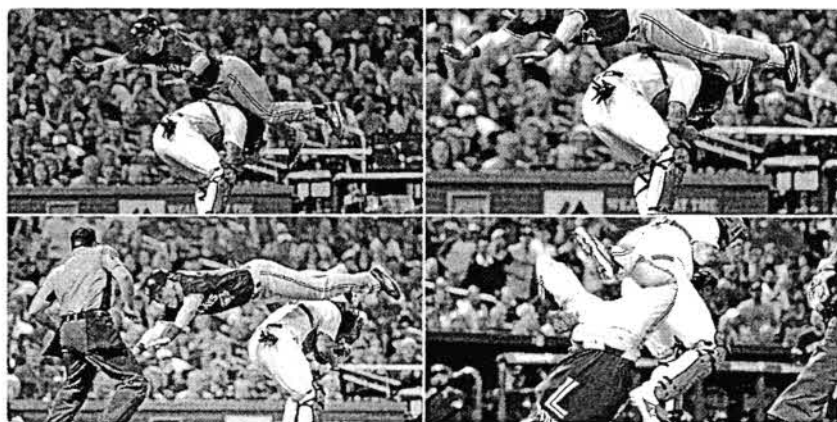
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EXHIBIT AI

News from TucsonSentinel.com: http://www.tucsonsentinel.com/local/report/031015_anti_solar/asu-foundation-links-utility-funds-anti-solar-push/

ASU Foundation links utility funds to anti-solar push

Posted Mar 12, 2015, 11:58 am

Jacob Fenton Sunlight Foundation

The nonprofit fundraising arm of Arizona State University gave \$100,000 to a shadowy political group that spent at least \$2.4 million on TV ads attacking state candidates who sided with the solar industry during last year's election.

The Arizona State University Foundation raised more than \$165 million in its 2014 fiscal year, and handed out \$66 million in grants, nearly all of it to Arizona State University. The only grant the foundation made that year that didn't go to a school or a charitable nonprofit was given to a "social welfare" nonprofit called "Save Our Future Now" — identified in the foundation's tax forms only as "SOFN" — for \$100,000.

Save Our Future Now was one of several groups that spent heavily on last year's election to the Arizona Corporation Commission (<http://www.azcc.gov>), which has jurisdiction over state utility rules. Though the groups attacking candidates aligned with the solar industry have never had to disclose their donors, it's been widely assumed they were funded by power companies looking to keep cheap solar energy out of consumers' hands in the sun-drenched state.

That narrative gained credence after leaders of the Salt River Project, which provides power to nearly a million customers in the Phoenix area, voted this January to raise electrical rates about \$50 each month (<http://www.azcentral.com/story/money/business/2015/02/26/srp-board-oks-rate-hike-new-fees-solar-customers/24086473/>) to solar users.

Tax documents newly unearthed by The Sunlight Foundation suggest that Arizona Public Service Co., the state's largest utility, often called just 'APS', left fingerprints on the money.

The ASU Foundation board is chaired by Bill Post, who retired as chairman and CEO of APS' corporate parent in 2009 after 38 years there. Post has been on the ASU Foundation board since 2004. And APS' own charitable foundation gave \$181,000 to the ASU foundation according to its 2013 tax filings. APS did not return calls for comment.

The contribution from the ASU Foundation would appear to be most of Save Our Future Now's seed money. The group raised a total of \$126,190 in 2013 and had little public profile.

The ASU Foundation is a separate legal entity from the university. Located on University Drive on ASU's Tempe campus, the foundation has a mission "to ensure the success of Arizona State University" with which it is deeply entwined. University president Michael Crow and General Counsel Jose Cardenas serve on the group's board, which currently lists 22 members. Cardenas and Crow didn't return calls; a university spokesman referred questions to the foundation.

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Staff at the Arizona University Foundation wouldn't talk on the phone, and refused to answer a series of emailed questions. John Skinner, the foundation's chief of staff, wouldn't say why the foundation gave money to Save Our Future Now or whether the board had voted on the contribution. Skinner's entire explanation was that the university had given money to the dark money group "which, as part of its mission, helps generate public awareness of higher education issues and advances higher education in the State of Arizona."

Save Our Future Now's mission is unclear. Incorporated in 2012, the group didn't raise enough money to file taxes until 2013. At that time, its mission focused on education entirely, but now the group's web site (<http://azsaveourfuturenow.com/about/>) lists a focus on "public policy issues related to business development, job creation, economic development, higher education, transparency in elections, election integrity, ballot access and other relevant topics."

If Save Our Future Now has been advocating for public education on behalf of ASU, it hasn't been very successful. Newly elected Governor Doug Ducey's most recent budget would cut \$75 million in state funding for the state's university system, roughly 10 percent of its overall state money (<http://www.azcentral.com/story/news/arizona/politics/2015/02/26/crow-rips-duceys-higher-ed-budget-mail-alumni/24095385/>)

Last August, Sunlight identified (<http://sunlightfoundation.com/blog/2014/08/08/fcc-docs-shed-light-on-phoenix-dark-money-group/>) Save Our Future Now's president as Todd Bradford, a realtor at Homesmart who served on a local planning commission. Reached by phone this week, Bradford referred all questions to an unnamed spokesman reachable at a number he gave that belonged to the Phoenix political firm Coleman and Dahm.

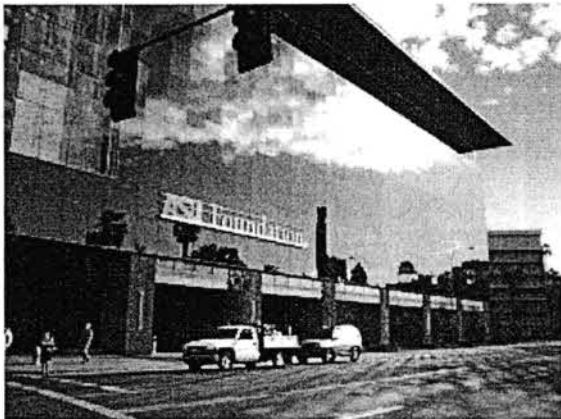
Joyce Downey is listed as Save our Future Now's vice president and answered the phone at Coleman and Dahm. Asked about the Arizona State University Foundation's contribution, Downey's only comment was: "I just don't have anything to say about it at all."

Vernon Parker, a Republican who says he was leading in the primary election for corporation commission until the outside groups mobilized against him, was critical of the effort. "It just shows how far-reaching dark money has gotten that our state's largest corporation can utilize an organization whose purpose is to raise money for higher education — to go to these extents — to me its just kind of shocking." But Parker, a former mayor of Paradise Valley, Ariz., said he's worked with former APS CEO Bill Post in the past and can't believe he would be involved.

- 30 -
have your say

Comments

There are no comments on this report. Sorry, comments are closed.



Anthony V./Flickr

Tax forms

- APS Foundation 2013 Form 990
- Save Our Future Now 2013 Form 990
- ASU Foundation Fiscal Year 2014 Form 990

EXHIBIT AJ

Deprecated: Function split() is deprecated in /home4/coldah/public_html/index.php on line 4

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 Arizona Chamber of Commerce BIZPAC
 Arizona Cotton Growers Association
 Arizona for Good Government Committee
 Arizonaans for a Sound Economy
 YES on 106 - Arizonans for Health Care Freedom
 AZ Cattlemen's Association Cattle PAC
 Barbara Left for Treasurer
 Benjamin Rush Foundation
 Bob Robson For LD 20 House of Representatives
 Bush-Cheney '04 Inc.
 Campaign For Arizona Farmers & Ranchers
 Carolyn S. Allen - 2006
 Citizens for Homeowner Choice
 Citizens for Quality Education
 Citizens For Responsible Government
 Committee to Elect Russ Jones
 Covance, Inc.
 Dan Dodge Justice of the Peace
 Dan Ryan Constable
 Elect Hugh Hallman
 No on 302 - Saving First Things First
 Friends of Boyd Dunn
 Friends of McCain 2010
 Grassroots Arizona PAC
 Greater Phoenix Chamber of Commerce Candidate Committee
 Green Building Initiative
 Home Builders Association of Central Arizona
 Jeff Dial for State Senate
 Jeff Blake for Congress
 Jeff Weninger for City Council 2010
 Jim Ward For Congress, Arizona CD 5
 Jim Waring for Phoenix City Council
 John McComish For Senate
 John Shadegg's Friends
 Jon Kyl for U.S. Senate
 Kevin Hartke Chandler City Council
 Ken Bennett for Arizona Secretary of State
 Maricopa County Republican Party
 Mark Anderson for Maricopa Justice of the Peace
 Martin Sepulveda for Congress
 Max Wilson for Supervisor
 Michael Blaire for LD 8 House of Representatives
 Munger for Governor 2010
 Nancy Barto for State Senate
 Neighbors for Tom Simplot
 NFIB
 Paul Gosar for Congress, Arizona CD 1
 Peoria Citizens for Responsible Development
 Pharmaceutical Research and Manufacturers of America
 Phoenix for Smart Growth
 Protect Teacher Pay
 Reagan for JP
 Reagan 2006
 Realtors for Arizona R PAC
 Regina Cobb for State Representative
 Responsible Leadership for Arizona
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 Save Our Healthcare
 Save Our Trust
 SSP America, The Food Travel Experts
 Steve Chueri for Maricopa County Supervisor
 Steve Waugh for Sheriff
 Tempe Deserves Better
 The Arizona Republican Party
 The Committee to Elect Trent Franks to Congress
 The Public Forum Institute
 Thelda Williams for Phoenix City Council
 Tom Horne for Arizona Attorney General
 Tony Bouie LD 4 State Senate
 VFW Political Action Committee
 Western Growers Association
 YES ON 101 - 2008
 Yes on 102 - 2008
 Yes on 416 - 2008
 Yuma Vegetable Shippers Association PAC3

EXHIBIT AK



AdChoices

POLITICS 10/25/2013 06:58 pm ET | Updated Oct 26, 2013

Arizona Solar Policy Fight Heats Up As Utility Admits To Funding Nonprofits' Campaign Ads



By Kate Sheppard



GETTY

WASHINGTON — Arizona's largest utility admitted this week that it had paid a national conservative group to run anti-solar ads, after denying earlier in the year that it was funding the campaign.

The Arizona Public Service has been pushing the state's public utility commission to change a state policy that currently allows homes and businesses with their own solar power systems to sell the excess energy they generate back to the grid. The policy, known as net metering, has been in place in Arizona since 2009, and according to solar advocates in the state, it has helped create a boom in the demand for rooftop solar. APS is trying to change the policy by increasing prices for solar customers, based on the argument that those users aren't paying their fair share for use of the grid and other infrastructure. Solar proponents say the proposed changes to net metering could essentially "kill rooftop solar in Arizona."

The debate over the policy has split along some interesting political lines, with the son of Republican icon Barry Goldwater defending net metering against attacks from a national conservative organization. The 60 Plus Association, which presents itself as a more conservative alternative to the AARP, has been running ads in the state, along with a website, bashing the solar net-metering policy as "corporate welfare."

In

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point-blank whether APS was funding the 60 Plus ads,



Arizona Solar Policy Fight Heats Up As Utility Admits To Funding Nonprofits' Campaign Ads

4.5k



Post on Friday, "but APS money does ultimately fund 60 Plus and Prosper."

"I know what I told you earlier," McDonald said. "That was my understanding at the time." He said he doesn't know how much APS money went toward those campaigns and dismissed the issue as "a phony controversy fueled by opponents who are eager to distract attention from the real substance from the issue."

"We're in the middle of a bitter political fight," he said in defense of funding the ads. "This is not a battle that we want to fight, but we cannot back down."

APS has maintained that it is not anti-solar, it just wants to change the net metering policy. "We've been painted as anti-solar," McDonald said. "That's just absolutely untrue."

But the ads and website from 60 Plus have been much more openly hostile to solar energy than APS has been in its public statements.

60 Plus is backed by the Koch brothers, and the Arizona Republic confirmed that the work against net metering in Arizona is being coordinated by conservative operative Sean Noble, who has been described as "the wizard behind the screen" in the Kochs' donor network.

Prosper, the other named group that received money for its ads, is led by former Arizona Speaker of the House Kirk Adams (R) and has campaigns against net metering and against the expansion of Medicaid.

On Thursday, two other nonprofits operated by Noble and Adams were fined \$1 million for failing to appropriately disclose political spending in California's elections last year.

The revelations about APS' funding of the anti-solar campaign have sparked further debate. Solar proponents, including the Alliance for Solar Choice and the Arizona Solar Energy Industries Association, are now calling on the state attorney general and utility regulators at the Arizona Corporation Commission to look into whether APS illegally used rate-payer funds as part of those efforts.

"APS knows how popular solar is," said Bryan Miller, president of the Alliance for Solar Choice and vice president of public policy at the solar energy company Sunrun. "Rather than owning up to their attacks, they set up shady organizations and worked behind them, and lied to the public and regulators for months and months. They owe the public an explanation."

McDonald told HuffPost that ratepayer money was not used to pay for the campaigns, but that the funds came from shareholders in APS' parent company, Pinnacle West Capital Corp., which is publicly traded.

The net metering fight has even boiled over into Arizona's electoral politics.

Last week Wil Cardon, a Republican candidate in the 2014 primary race for secretary of state, accused one of his opponents, Justin Pierce — son of ACC commissioner Gary Pierce — of soliciting campaign support in exchange for his father's influence on utility regulation. Cardon's campaign identified two individuals on the host committee for a Justin Pierce fundraiser as employees of firms that have done work for APS at one time. But both of those lobbyists told The Huffington Post that they do not currently and have never lobbied on behalf of APS.

In

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Arizona Solar Policy Fight Heats Up As Utility Admits To Funding Nonprofits' Campaign Ads

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Pierce because she is friends with Pierce spokesman Alan Heywood and because the campaign could not reserve the room directly.

"Jessica simply provided access to a venue at the request of a friend," McDonald said. "Jessica did not invite anyone from APS. She did not help organize the event." He said that any costs incurred for the event would by law have to be paid for by the campaign.

Reached for comment on Friday evening, Heywood said he was not aware of Pacheco's role in booking a room for that event. "I don't know anything about that," Heywood said. "How you get a room for an event there, I have no idea." Heywood did confirm that he is friends with Pacheco, but was unsure whether she or any other APS staff attended the event because he arrived late. He did confirm that the campaign paid for the event.

The Cardon campaign has also implied in public statements that a company like APS or a political operative like Noble or Adams could make outside expenditures in support of Pierce's campaign. Heywood told HuffPost that it would be illegal for the campaign to "coordinate on anything like that."

"He's not doing that and won't do it," said Heywood.

APS spokesman McDonald also brushed aside the suggestion. "APS is a company that has a reputation for dealing with everybody in a very upfront and open way. We have a reputation in this community that has been built over a hundred years," he said. "We're not going to do anything to jeopardize that reputation."

But the revelations about the previously undisclosed funding to 60 Plus and Prosper aren't helping that reputation. And renewables proponents are growing increasingly worried about where the senior Pierce might come down on the net metering question. They pointed to several recent letters from Commissioner Gary Pierce that they think indicate he might support APS' efforts to change the net metering policy.

In July, Pierce requested a study from commission staff to examine whether the net metering policy should be changed. In an Oct. 17 letter, Pierce requested additional information from all parties after the staff report recommended against APS' proposal and in favor of not changing the net metering policy at this time.

Pierce has denied suggestions that he's taken any position on net metering at this point. "I am still considering all of the arguments, which is why I am actively seeking more input," Pierce said in a written response to questions from HuffPost. "My goal is to get this issue right for all ratepayers, and to have a sound policy that will work for years to come, not only for APS, but for the solar industry as well."

He also accused renewable advocates of "using the Justin Pierce Campaign to intimidate me on this important issue." "All parties are better served by continuing to meet with Commissioners to work out a solution which is fair for all APS customers," he wrote. "My door has always been open to all parties and they know it!"

Forty-three states and the District of Columbia have net metering policies in place, which has helped drive the growth in solar energy in the U.S. in recent years. But there have been attempts in at least four states in the last year to roll back those policies.

The ACC is expected to begin hearings on proposals to revise the net metering policy in November.

D

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Arizona Solar Policy Fight Heats Up As Utility Admits To Funding Nonprofits' Campaign Ads | The Huffington Post

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Least Environmental Senators

**Kate Sheppard**

Senior reporter and the environment and energy editor, The Huffington Post

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EXHIBIT AL

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FCC docs shed light on Phoenix dark money group (<https://sunlightfoundation.com/2014/08/08/fcc-docs-shed-light-on-phoenix-dark-money-group/>)

by Jacob Fenton (<https://sunlightfoundation.com/author/jfenton/>)

AUG 8, 2014 12:30 PM

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The president of a dark money nonprofit that's spent at least \$600,000 on TV ads and mailers bashing candidates for an obscure Arizona state commission is a Phoenix realtor named Todd Bradford, according to a document (https://stations.fcc.gov/collect/files/59440/Political%20File/2014/Non-Candidate%20Issue%20Ads/Save%20Our%20Future%20Now/Save%20Our%20Future%20Now%20Rate%20Request%20%2814068357280912%29_.pdf) filed with the Federal Communications Commission.

The down ballot contest to choose commissioners of the Arizona Corporation Commission, which regulate the state's public utilities, has uncharacteristically drawn a flood of high profile money attributed to groups whose backers and organizers are unknown. The document filed with the FCC is the first public disclosure of the name of the president of Save Our Future Now.

What role Bradford has in running the group is unclear. The group's treasurer—veteran political consultant Joyce E. Downey—and past president both have ties to Coleman Dahm & Associates (<http://www.colemandahm.com/>), a Phoenix public affairs company that has worked (<http://www.colemandahm.com/clients/>) for GOP party and campaign committees, and business trade associations including realtors, home builders and small businesses. Asked about the group's recent ads, Bradford, a realtor in the Biltmore office of Homesmart, only said "I can't talk about that." Downey, reached at her office at Coleman Dahm, declined to comment.



One of the ads aired by Save Our Future Now attacking a candidate for Arizona Corporation Commission.

The big spending on the Republican primary—voters will choose between four candidates vying for two vacancies on the commission—has drawn local press attention. Most have described the fight as being between the Arizona Public Service, the state's largest utility, and solar advocates in the sunny desert state.

APS has all but acknowledged getting involved in the race. Last week a spokesman refused to deny involvement in a statement to the Huffington Post (http://www.huffingtonpost.com/2014/08/06/arizona-solar-commission_n_5652703.html): "Although we typically do not comment on individual contributions, we routinely support public officials, candidates and causes that are pro-business and supportive of a sustainable energy future for Arizona, regardless of party affiliation." As the Huffington Post noted, APS secretly funded nonprofits (http://www.huffingtonpost.com/2013/10/25/solar-arizona-net-metering_n_4164731.html) to run anti-solar ads last election.

Save Our Future Now is just one of two nonprofits involved in this year's race. The other is the Arizona Free Enterprise Fund, which has spent \$1.1 million (<http://www.azcentral.com/story/news/arizona/politics/2014/08/03/arizona-free-enterprise-money-election-season/13537793/>) this cycle, including about \$450,000 in the Corporation Commission race.

Because nonprofit groups do not have to disclose their donors, there are few avenues for outsiders to determine who's funding the groups. Federal rules, however, require that these nonprofits don't make electoral politics their primary purpose. After an outcry over the attacks, the Arizona secretary of state's office sent letters seeking more information (<http://www.azcentral.com/story/news/arizona/politics/2014/08/06/state-questions-campaign-spending-outside-groups/13658121/>) about the spending of Save Our Future and four other nonprofits.

In published reports, the Arizona Republic has linked Save Our Future with the state homebuilder's association, noting that Save Our Future Now shares a mailing address with Save Glendale Now, a group whose treasurer is president of the Home Builder's Association of Central Arizona. That mailing address: 3104 E. Camelback Road # 1126, is just a mailbox at "Mail Boxes at the Biltmore." The Central Arizona Homebuilder's Association is also a client (<http://www.colemandahm.com/clients/>) of Coleman Dahm & Associates.

Documents uploaded July 31 by Phoenix ABC affiliate KNXV to the FCC list Todd Bradford as president (<https://stations.fcc.gov/collect/files/59440/Political%20File/2014/Non-Candidate%20Issue%20Ads/Save%20Our%20Future%20Now/Save%20Our%20Future%20Now%20Rate%20Request%20%2814068353451162%29.pdf>) and Joyce Downey as treasurer (<https://stations.fcc.gov/collect/files/59440/Political%20File/2014/Non-Candidate%20Issue%20Ads/Save%20Our%20Future%20Now/Save%20Our%20Future%20Now%20NAB%20%2814068353385032%29.pdf>) of Save Our Future Now.

Tax documents filed with the IRS for 2012 list (<http://apps.irs.gov/app/eos/displayEPostcard.do?dispatchMethod=displayEpostInfo&ePostcardId=2027044&ein=454568597&exemptTypeCode=&isDescending=false&totalResults=737&postDateTo=&ein1=&state=AZ&dispat>) Troy Hyde as the group's principal officer. Hyde, who's listed in state records (<http://starpas.azcc.gov/scripts/cgiip.exe/WService=wsbroker1/names-detail.p?name-id=02351731&type=CORPORATION>) as president at Phoenix-based Sun Door and Trim, Inc. said by phone that he was no longer involved with the group. Hyde didn't use his address in the tax filing. Instead the document, which certified that Save Our Future Now raised less than \$50,000 in 2012, listed the mailing address of Coleman Dahm & Associates (<http://www.colemandahm.com/>).

Joyce Downey, the woman listed as treasurer of Save Our Future Now in the FCC disclosure, has listed her role at Coleman Dahm in state and federal campaign contributions as consultant and "administrative assistant". Joyce E. Downey is actually a veteran political operative, who was quoted in the New York Times (http://www.nytimes.com/2012/10/06/us/politics/sam-steiger-congressman-from-arizona-dies-at-83.html?_r=0) as a "close friend" of former U.S. Rep. Sam Steiger when he died in 2012. She said she couldn't comment on Save Our Future New because she wasn't the spokesman.

TV stations ignore ad disclosure requirements (<https://sunlightfoundation.com/2013/03/05/tv-stations-ignore-ad-disclosure-requirements/>)
March 5, 2013
In "Investigations"

ASU foundation links utility funds to anti-solar push (<https://sunlightfoundation.com/2015/03/10/asu-foundation-links-utility-funds-to-anti-solar-push/>)
March 10, 2015
In "Investigations"

FCC Chair Tom Wheeler taking "seriously" complaint about political advertisers (<https://sunlightfoundation.com/2014/05/12/fcc-chair-tom-wheeler-taking-seriously-complaint-about-political-advertisers-transparency-fail/>)
May 12, 2014
In "Investigations"

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POLITICAL PARTICIPATION POLICY

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Political Participation Policy

2016

1. PURPOSE

1.1. Pinnacle West Capital Corporation ("Pinnacle West", "we" or "the Company") participates in the democratic process to advance our long-term business interests and the interests of our customers, communities and shareholders. We believe that broad political participation contributes to a strong democracy, promotes good government and encourages sound policymaking.

1.1.1. Our company's principal subsidiary, Arizona Public Service Company ("APS") has the responsibility to provide customers in our service territory with safe, reliable and affordable electricity. Because Pinnacle West and APS participate in a wide range of business activities to fulfill this responsibility, policy decisions at the federal, state and local levels can have profound impacts on virtually all aspects of our business.

1.1.2. Our experience and expertise give us an informed perspective on how public policy can affect our company, our customers, our communities, and Arizona's energy future. We have a responsibility to our customers, communities and shareholders to participate in the political process, when appropriate, so that our perspectives are heard and so that we can develop productive working relationships with governmental decision-makers.

1.2. The purpose of this Policy is to promote compliance with all applicable federal, state and local laws, rules, and regulations surrounding political contributions by Pinnacle West in a manner consistent with our values. This Policy also describes our decision-making and oversight processes for political spending and for reporting of political contributions, in which processes both management and our Board of Directors play important roles.

2. POLICY STATEMENTS

2.1. As one of the largest and longest-serving local businesses in Arizona, Pinnacle West takes its commitment to corporate citizenship seriously. Being a good corporate citizen may include being informed about issues, encouraging our employees to volunteer and participate in their communities, speaking publicly about the issues of the day, sponsoring a political action committee and, where permitted by law, considering the contribution of corporate funds to political candidates, political parties, political action committees, and organizations that engage in political activities. These activities may also include independent expenditures, or the sponsoring of a political action committee that engages in independent expenditures, in relation to elections of candidates to office, get-out-the-vote efforts, and ballot initiatives and referenda. In general, a political expenditure is independent when it is not made in cooperation, consultation, or at the request or suggestion of a candidate, a candidate's agent or authorized political committee, or a political party.

2.2. Many factors guide our political contribution decisions. In general, we may support candidates and organizations that share an interest in public policy that furthers our business objectives and promotes our mission of creating a sustainable energy future for Arizona. The Company's contribution decisions are based on what is in the best interests of Pinnacle West and not based on the personal preferences of our executives.

2.3. We do not make corporate contributions to political candidates or office holders where prohibited by law. Arizona law prohibits companies from making political contributions to candidates for Arizona offices. Under no circumstances will any political contribution be given in anticipation of, in recognition of, or in return for any official act.

2.4. We may contribute to entities organized and operating under section 527 of the Internal Revenue Code. These organizations are established primarily for the purpose of influencing the outcome of elections of candidates for public office. We may also use corporate funds to make independent expenditures or to contribute to organizations engaged in lobbying or political campaign activity or that make independent expenditures at the federal, state or local level, as permitted by law.

2.5. Pinnacle West may directly sponsor a registered political action committee that engages in independent expenditures concerning specific candidates, initiatives, or referenda. Pinnacle West is committed to ensuring that any separate sponsored political action committee meets or exceeds any reporting requirements to the various governmental agencies that collect contribution and expenditure data.

2.6. Pinnacle West may participate in federal, state, and local issues through membership in trade associations, which we join to represent various business and industry interests. In addition, we actively promote the economic health of the jurisdictions we serve through our activities with chambers of commerce. Pinnacle West supports many charitable and non-profit organizations that support a variety of community and educational endeavors. These organizations, in turn, are at times actively involved in promoting social welfare missions to our elected leaders. Depending on their roles, any of these organizations may be subject to lobbyist registration and disclosure reporting obligations, with their reports made public by federal and state agencies overseeing lobbying activities.

2.7. Pinnacle West discloses its political contributions as required by law. In addition, we will provide a voluntary annual report of contributions subject to this Policy as set forth in Section 5 below. The report will be posted to our website as part of this Policy not later than March 1 of the succeeding calendar year. We expect those organizations in which we are members or to whom we provide contributions to meet their own obligations to report the Company's contribution to the appropriate government authorities.

3. THE PINNACLE WEST POLITICAL ACTION COMMITTEE

3.1. Pinnacle West encourages its employees to be active members of their communities. Along with participation in civic, charitable and volunteer activities, this includes participation in the political process. All eligible employees of Pinnacle West may make voluntary contributions to the Pinnacle West Political Action Committee ("PNWPAC"). The PNWPAC is a voluntary, nonprofit, non-partisan political association sponsored by Pinnacle West to provide an easy and effective means for eligible employees to become politically involved if they wish to do so.

3.2. The PNWPAC is directed by a board comprised solely of employees, which makes and approves all decisions regarding political contributions and budget. Potential contributions are reviewed by a five-member PNWPAC executive committee, which makes recommendations for contributions to be considered by the PNWPAC board. The articles of organization of the PNWPAC can be found [here](#). Applicable law permits administrative support of PNWPAC from Pinnacle West. PNWPAC provides timely disclosure of its political contributions as required by law.

3.3. Pinnacle West encourages employees to participate in the political process personally by voting and by supporting candidates of their choosing. Such participation is not in the Company's name or on its behalf. Employees will not be reimbursed for personal political contributions or expenses, either directly, through compensation increases, or otherwise.

3.4. Some Pinnacle West employees choose to serve their communities by holding public office. We encourage these employees and appreciate their spirit of public service. Employees of Pinnacle West who wish to campaign for, or serve in, public office must first notify their supervisor and the Senior Vice President of Public Policy.

3.4.1. Employees are not permitted to campaign on work time; nor can they use company resources to further their campaigns. Employees must clearly communicate that they are acting as private individuals, that their views are their own, and that they are not representing or endorsed by the Company.

3.4.2. Employees who hold public office must recuse themselves from matters directly involving Pinnacle West. If an employee in public office is uncertain whether an issue directly affects Pinnacle West, he or she should contact the Senior Vice President of Public Policy.

4. OVERSIGHT

4.1. Corporate contribution decisions are made primarily by our Vice President, Federal Affairs, and Vice President, State and Local Affairs, based on the guidelines and objectives described in

this Policy. These executives typically receive input from other members of our senior management team, including our Chief Executive Officer.

4.2. During the first quarter of each calendar year management reviews with the Corporate Governance Committee of the Board of Directors its anticipated governmental affairs strategies for the year, including the priorities for the Company's political expenditure and lobbying activities. During the year, management periodically reports to the Corporate Governance Committee on the progress of the Company's strategy, including any significant activities not encompassed within the initial strategy discussion. Following each of its meetings, the Corporate Governance Committee provides a summary to the Board of the matters involving political activities, which were discussed at the meeting. In addition, as part of its reporting responsibilities to the Board after year-end, management summarizes the actions taken in furtherance of its governmental affairs strategies during the year.

4.3. At least annually, the Corporate Governance Committee reviews this Policy and recommends to the Board any revisions it deems necessary. Our Board's oversight of our governmental affairs strategy ensures compliance with applicable law and alignment with our policies and Code of Ethics and Business Practices.

5. ANNUAL REPORT OF POLITICAL CONTRIBUTIONS

5.1. In 2016, Pinnacle West made the following contributions to political parties, political action committees, candidates for political office and other entities organized and operating under section 527 of the Internal Revenue Code:

Organization	Contribution
AZ GOP (Arizona Republican Party)	\$175,000
AZ Democratic Party	\$60,000
AZ GOP Victory (Arizona Republican Party)	\$410,000
Dodie Londen	\$25,000
Emerge	\$10,000
Let's Grow Virginia PAC	\$6,000
Common Good, VA PAC	\$5,000
AZ House Victory PAC	\$5,000
AZ Senate Victory PAC	\$5,000
Morning in Nevada PAC	\$2,500
National LT Governors Association	\$10,000
Senate Republican Leadership Fund	\$15,000

5.2. In 2016, Pinnacle West made the following payments to trade associations that may have been used for lobbying-related or other political activities as reported to us by the trade associations. These amounts are not permitted to be deducted as ordinary and necessary business expenses under the Internal Revenue Code:

Organization	Non-Deductible Portion of Dues/Payments
American Legislative Exchange Council	\$10,000

Edison Electric Institute	\$132,150
Nuclear Energy Institute	\$17,306
Arizona Tax Research Association	\$10,617

5.3. In 2016, Pinnacle West made the following payments to entities organized under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code which may have used some of the proceeds for independent political expenditures, including but not limited to ballot initiatives, or lobbying-related or political campaign activities, as permitted by law:¹

Organization	Amount
Arizona Cattle Feeders Association ²	\$400,000
Market Freedom Alliance	\$4,130,500
Expect More Arizona	\$100,000
Republican Governor's Association	\$75,000
Arizona Free Enterprise Club	\$50,000

5.4. In 2016, Pinnacle West made the following independent political expenditures either directly or in support of an independent expenditure political action committee sponsored by the Company:

Organization	Amount
Arizona Coalition for Reliable Electricity	\$4,175,000
Arizonans for Responsible Drug Policy	\$10,000
Arizona Grassroots Action PAC	\$550,000
Yes on Prop 493	\$2,500

6. LINKS TO OFFICIAL REPORTS

6.1. Contributions to federal elections may be found on the Federal Elections Commission website at <http://www.fec.gov/pindex.shtml>.

6.2. Contributions to Arizona state and local elections can be found on the Arizona Secretary of State's website at <https://www.azsos.gov/elections/campaign-finance-reporting> and the Citizens Clean Elections Commission website at <http://www.ccec.state.az.us/en/resources>.

6.3. Reports on the Company's federal lobbying activity can be found on the websites of the U.S. House of Representatives at http://clerk.house.gov/public_disc/financial.aspx and the U.S. Senate at <http://www.senate.gov/legislative/lobbyingdisc.htm#lobbyingdisc=lda>.

¹ In addition, Pinnacle West made a post-election contribution of \$5,000 to Trump for America, a 501(c)(4) supporting the Presidential transition team, but which was not engaged in ballot initiatives, lobbying-related or political campaign activities otherwise discussed in this section.

² 501(c)(5).

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BREAKING

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http://azdailysun.com/news/local/aps-details-million-in-election-spending/article_d0fcb4f5-8892-5ca1-8210-aaf8e88b3afb.html

TOP STORY

APS details \$10 million in election spending

By Howard Fischer Capitol Media Services Mar 18, 2017

Bob Burns

Bob Burns

PHOENIX -- Claiming a "commitment to transparency," the state's largest electric utility on Friday detailed more than \$10 million it spent in the last two years to directly and indirectly influence elections and gave to other organizations to lobby.

But forget about getting any information about the 2014 race -- information one utility regulator claims will show whether Arizona Public Service and parent Pinnacle West Capital Corp. helped elect two of his colleagues.

"Like we've said over and over again, we're moving forward, looking ahead," said APS spokeswoman Anna Stewart.

Some of what the report shows is no surprise.

The utility put nearly \$4.2 million into an entity it created called the Arizona Coalition for Reliable Electricity. Its goal was to ensure that the five-member Arizona Corporation Commission that regulates utility rates remained an all-Republican affair, with the money spent to defeat Democrats Tom Chabin and Bill Mundell.

APS and Pinnacle West had to go that route because Arizona law specifically forbids corporations from giving money directly to candidates.

Separately, the companies put another \$550,000 into Arizona Grassroots PAC which worked to ensure that incumbent U.S. Sen. John McCain defeated challenger Kelly Ward in the Republican primary.

Then there was another \$575,000 given to the Arizona Republican Party. But the companies were clearly hedging their bets, also donating to the state Democratic Party -- but just \$60,000.

But the report also lists \$4.1 million given to something called the Market Freedom Alliance.

According to its web site, one of its issues is to promote "demand charges," a method of getting more money out of electric customers who generate some of their own power. But the group has a grab-bag of other interests ranging from opposing minimum wage increases and various regulations to allowing wineries to ship their products from state to state and even opposing the trade practices of China.

In a prepared statement, Stewart said the report, posted on the company's website, shows the companies are interested in being up front with their spending. She said the disclosure "goes beyond our legal requirement to provide additional information about our contributions."

Stewart also said any political spending was justified, calling 2016 a "challenging political year."

She said APS faced "out-of-state interests keen in taking advantage of Arizona electricity customers through ballot initiatives and at the polls."

That reference to initiatives stems from a bid by SolarCity to get voters to adopt a law prohibiting demand charges.

In essence, this is a charge added to the customer's actual usage that factors in how much power is being drawn during any one-hour period. It can undermine any savings that would be seen by customers who generate their own power.

SolarCity dropped its initiative when Republican lawmakers threatened to place a competing measure on the ballot. And in a settlement reached earlier this month, APS agreed to drop mandatory demand charges from its rate-hike case.

And the reference to the polls refers to the fact that SolarCity sought to put at least one Democrat on the five-member commission.

That, however, still leaves open the question of 2014 spending.

Commissioner Bob Burns had issued a subpoena following financial reports that two outside groups, Save Our State Now and the Arizona Free Enterprise Club, together spent \$3.2 million in that campaign to ensure the election of Republicans Tom Forese and Doug Little.

APS officials refused to confirm or deny any of that money came from them, though they did say that the company has an obligation to defend itself against attacks by candidates who criticize it.

Stewart said don't bother looking at the report for what the company did -- or did not -- do in 2014.

"This is just about 2016," she said. "That's all I have for you."

APS and Pinnacle West will likely escape having to ever disclose the information.

Earlier this week the other commissioners voted to stop providing commission funds to Burns in his legal battle to enforce his subpoena. Forese, who now chairs the commission, has said he believes Burns is obsessed with not just what happened more than two years ago but also with ensuring there is no more "dark money" going into future campaigns.

Stewart, while not talking about 2014, said the policy to disclose future political spending should preclude any concern about that, at least in the future.

EXHIBIT AO

TABLE OF CONTENTS

	Page
<u>LIST OF PARTS AND RELATED FORMS</u>	ii
<u>FORWARD TO REGISTRANTS</u>	2
<u>PART I</u>	3
<u>Item 1. Business</u>	3
<u>Item 1A. Risk Factors</u>	29
<u>Item 1B. Unresolved Staff Comments</u>	41
<u>Item 2. Properties</u>	42
<u>Item 3. Legal Proceedings</u>	45
<u>Item 4. Mine Safety Disclosures</u>	45
<u>Executive Officers of Pinnacle West</u>	46
<u>PART II</u>	47
<u>Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	47
<u>Item 6. Selected Financial Data</u>	48
<u>Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	50
<u>Item 7A. Quantitative and Qualitative Disclosures About Market Risk</u>	77
<u>Item 8. Financial Statements and Supplementary Data</u>	78
<u>Pinnacle West Financial Statements</u>	82
<u>APS Financial Statements</u>	91
<u>Combined Notes to Consolidated Financial Statements</u>	97
<u>Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	175
<u>Item 9A. Controls and Procedures</u>	175
<u>Item 9B. Other Information</u>	176
<u>PART III</u>	176
<u>Item 10. Directors, Executive Officers, and Corporate Governance of Pinnacle West</u>	176
<u>Item 11. Executive Compensation</u>	176
<u>Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	176
<u>Item 13. Certain Relationships and Related Transactions, and Director Independence</u>	176
<u>Item 14. Principal Accounting Fees and Services</u>	177
<u>PART IV</u>	178
<u>Item 15. Exhibits and Financial Statement Schedules</u>	178
<u>SIGNATURES</u>	198

This combined Form 10-K is separately filed by Pinnacle West and APS. Each registrant is filing on its own behalf all of the information contained in this Form 10-K that relates to such registrant and, where required, its subsidiaries. Except as stated in the preceding sentence, neither registrant is filing any information that does not relate to such registrant, and therefore makes no representation as to any such information. The information required with respect to each company is set forth within the applicable items. Item 8 of this report includes Consolidated Financial Statements of Pinnacle West and Consolidated Financial Statements of APS. Item 8 also includes Combined Notes to Consolidated Financial Statements.

GLOSSARY OF NAMES AND TECHNICAL TERMS

4CA	4C Acquisition, LLC, a wholly-owned subsidiary of Pinnacle West
ac	Alternating Current
ACC	Arizona Corporation Commission
ADEQ	Arizona Department of Environmental Quality
AFUDC	Allowance for Funds Used During Construction
ANPP	Arizona Nuclear Power Project, also known as Palo Verde
APS	Arizona Public Service Company, a subsidiary of the Company
ARO	Asset retirement obligations
ASU	Accounting Standards Update
BART	Best available retrofit technology
Base Fuel Rate	The portion of APS's retail base rates attributable to fuel and purchased power costs
BCE	Bright Canyon Energy Corporation, a subsidiary of the Company
BHP Billiton	BHP Billiton New Mexico Coal, Inc
BNCC	BHP Navajo Coal Company
CAISO	California Independent System Operator
CCR	Coal combustion residuals
Cholla	Cholla Power Plant
dc	Direct Current
distributed energy systems	Small-scale renewable energy technologies that are located on customers' properties, such as rooftop solar systems
DOE	United States Department of Energy
DOI	United States Department of the Interior
DOJ	United States Department of Justice
DSM	Demand side management
DSMAC	Demand side management adjustment charge
EES	Energy Efficiency Standard
El Dorado	El Dorado Investment Company, a subsidiary of the Company
El Paso	El Paso Electric Company
EPA	United States Environmental Protection Agency
FERC	United States Federal Energy Regulatory Commission
Four Corners	Four Corners Power Plant
GWh	Gigawatt-hour, one billion watts per hour
kV	Kilovolt, one thousand volts
kWh	Kilowatt-hour, one thousand watts per hour
LFGR	Lost Fixed Cost Recovery Mechanism
MMBtu	One million British Thermal Units
MW	Megawatt, one million watts
MWh	Megawatt-hour, one million watts per hour
Native Load	Retail and wholesale sales supplied under traditional cost-based rate regulation
Navajo Plant	Navajo Generating Station
NERC	North American Electric Reliability Corporation
NRC	United States Nuclear Regulatory Commission
NTEC	Navajo Transitional Energy Company, LLC
OCI	Other comprehensive income
OSM	Office of Surface Mining Reclamation and Enforcement
Palo Verde	Palo Verde Nuclear Generating Station or PVNGS
Pinnacle West	Pinnacle West Capital Corporation (any use of the words "Company," "we," and "our" refer to Pinnacle West.)
PSA	Power supply adjuster approved by the ACC to provide for recovery or refund of variations in actual fuel and purchased power costs compared with the Base Fuel Rate
RES	Arizona Renewable Energy Standard and Tariff
Salt River Project or SRP	Salt River Project Agricultural Improvement and Power District
SCE	Southern California Edison Company
TCA	Transmission cost adjuster
VIE	Variable interest entity

- our ability to manage capital expenditures and operations and maintenance costs while maintaining reliability and customer service levels;
- variations in demand for electricity, including those due to weather, seasonality, the general economy, customer and sales growth (or decline), and the effects of energy conservation measures and distributed generation;
- power plant and transmission system performance and outages;
- competition in retail and wholesale power markets;
- regulatory and judicial decisions, developments and proceedings;
- new legislation, ballot initiatives and regulation, including those relating to environmental requirements, regulatory policy, nuclear plant operations and potential deregulation of retail electric markets;
- fuel and water supply availability;
- our ability to achieve timely and adequate rate recovery of our costs, including returns on and of debt and equity capital investment;
- our ability to meet renewable energy and energy efficiency mandates and recover related costs;
- risks inherent in the operation of nuclear facilities, including spent fuel disposal uncertainty;
- current and future economic conditions in Arizona, including in real estate markets;
- the development of new technologies which may affect electric sales or delivery;
- the cost of debt and equity capital and the ability to access capital markets when required;
- environmental, economic and other concerns surrounding coal-fired generation, including regulation of greenhouse gas emissions;
- volatile fuel and purchased power costs;
- the investment performance of the assets of our nuclear decommissioning trust, pension, and other postretirement benefit plans and the resulting impact on future funding requirements;
- the liquidity of wholesale power markets and the use of derivative contracts in our business;
- potential shortfalls in insurance coverage;
- new accounting requirements or new interpretations of existing requirements;
- generation, transmission and distribution facility and system conditions and operating costs;
- the ability to meet the anticipated future need for additional generation and associated transmission facilities in our region;
- the willingness or ability of our counterparties, power plant participants and power plant land owners to meet contractual or other obligations or extend the rights for continued power plant operations; and
- restrictions on dividends or other provisions in our credit agreements and ACC orders.

2

PART I

ITEM 1. BUSINESS

Pinnacle West

Pinnacle West is a holding company that conducts business through its subsidiaries. We derive essentially all of our revenues and earnings from our wholly-owned subsidiary, APS. APS is a vertically-integrated electric utility that provides either retail or wholesale electric service to most of the State of Arizona, with the major exceptions of about one-half of the Phoenix metropolitan area, the Tucson metropolitan area and Mohave County in northwestern Arizona.

Pinnacle West's other subsidiaries are El Dorado, BCE and 4CA. Additional information related to these subsidiaries is provided later in this report.

Our reportable business segment is our regulated electricity segment, which consists of traditional regulated retail and wholesale electricity businesses (primarily electric service to Native Load customers) and related activities, and includes electricity generation, transmission and distribution.

BUSINESS OF ARIZONA PUBLIC SERVICE COMPANY

APS currently provides electric service to approximately 1.2 million customers. We own or lease 6,236 MW of regulated generation capacity and we hold a mix of both long-term and short-term purchased power agreements for additional capacity, including a variety of agreements for the purchase of renewable energy. During 2016, no single purchaser or user of energy accounted for more than 1.1% of our electric revenues.

EXECUTIVE OFFICERS OF PINNACLE WEST

Pinnacle West's executive officers are elected no less often than annually and may be removed by the Board of Directors at any time. The executive officers, their ages at February 24, 2017, current positions and principal occupations for the past five years are as follows:

Name	Age	Position	Period
Donald E. Brandt	62	Chairman of the Board and Chief Executive Officer of Pinnacle West; Chairman of the Board of APS	2009-Present
		President of APS	2013-Present
		President of Pinnacle West	2008-Present
		Chief Executive Officer of APS	2008-Present
Robert S. Bement	61	Executive Vice President and Chief Nuclear Officer, PVNGS, of APS	2016-Present
		Senior Vice President, Site Operations, PVNGS, of APS	2011-2016
Denise R. Danner	61	Vice President, Controller and Chief Accounting Officer of Pinnacle West; Chief Accounting Officer of APS	2010-Present
		Vice President and Controller of APS	2009-Present
Randall K. Edington (a)	63	Advisor to the CEO of APS	2016-Present
		Executive Vice President of APS	2007-Present
		Chief Nuclear Officer, PVNGS, of APS	2007-2016
David P. Falck	63	Executive Vice President and General Counsel of Pinnacle West and APS	2009-Present
		Secretary of Pinnacle West and APS	2009-2012
Daniel T. Froetscher	55	Senior Vice President, Transmission, Distribution & Customers of APS	2014-Present
		Vice President, Energy Delivery of APS	2008-2014
Barbara M. Gomez (b)	62	Senior Vice President, Human Resources of APS	2016-Present
		Vice President, Human Resources of APS	2014-2016
		Vice President, Chief Procurement Officer of APS	2013-2014
		Vice President, Supply Chain Management of APS	2010-2013
Jeffrey B. Guldner	51	Senior Vice President, Public Policy of APS	2014-Present
		Senior Vice President, Customers and Regulation of APS	2012-2014
		Vice President, Rates and Regulation of APS	2007-2012
James R. Hatfield	59	Executive Vice President of Pinnacle West and APS	2012-Present
		Chief Financial Officer of Pinnacle West and APS	2008-Present
		Senior Vice President of Pinnacle West and APS	2008-2012
John S. Hatfield	51	Vice President, Communications of APS	2010-Present
Lee R. Nickloy	50	Vice President and Treasurer of Pinnacle West and APS	2010-Present
Mark A. Schiavoni	61	Executive Vice President and Chief Operating Officer of APS	2014-Present
		Executive Vice President, Operations of APS	2012-2014
		Senior Vice President, Fossil Operations of APS	2009-2012

(a) Randall K. Edington is retiring from APS on March 22, 2017.

(b) Barbara M. Gomez is retiring from APS in July 2017.

EXHIBIT AP

AZCENTRAL WILL DONATE A TREE FOR EVERY DIGITAL SUBSCRIPTION SOLD **ONLY \$4.99/MONTH**

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APS says it will be a player in elections and report spending annually

Ryan Randazzo, The Republic | azcentral.com Published 3:54 p.m. MT March 17, 2017 | Updated 4:55 p.m. MT March 17, 2017



(Photo: Arizona Public Service Co.)

After nearly four years of controversy over its political activities, Arizona's predominant electric company is releasing a new public policy regarding its participation in political campaigns.

Arizona Public Service Co., through its parent company, will continue to involve itself in political campaigns, including those for people who will regulate the company. And it will report political contributions every March.

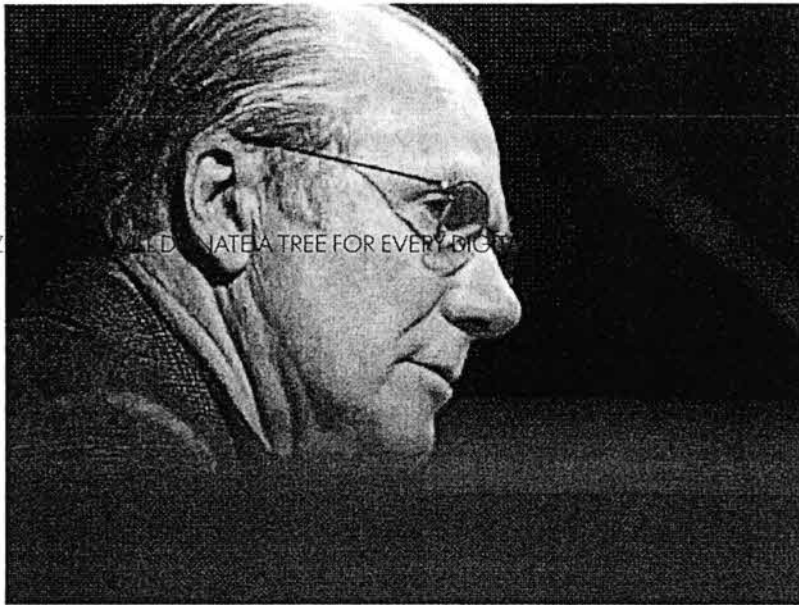
"We have the responsibility to our customers, communities and shareholders to participate in the political process, when appropriate, so that our perspectives are heard and so that we can develop productive working relationships with governmental decision makers," reads the policy from Pinnacle West Capital Corp., released Friday.

The company asserts that any money it spends on politics — the figure was greater than \$10 million in 2016 — comes from profits that otherwise would accrue to shareholders of Pinnacle West, not from the routine utility expenses that can be charged back to utility customers. Critics of the utility contend that all the funds ultimately are derived from captive utility customers who have no choice in Arizona as to their electric supplier.

APS officials said they are making the policy public in an effort to increase transparency.

"This voluntary report goes beyond our legal requirements to provide additional information about our contributions," APS spokeswoman Anna Stewart said. "Pinnacle West supports organizations and issues that further our mission of creating a sustainable energy future for Arizona."

Critics unimpressed



AZ

WILL DONATE A TREE FOR EVERY DIGIT

ONLY \$4.99/MONTH

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EXCHANGE&UTM_C/

Arizona Corporation Commissioner Robert Burns. (Photo: Tom Tingle/The Republic file)

The new policy falls short in the eyes of some utility critics, including Arizona Corporation Commissioner Robert Burns, who is suing APS, Pinnacle West and its CEO to enforce subpoenas related to money spent on elections.

"It's fine they want to come out with a policy, but a policy that reports that far after the (November) election doesn't meet muster," Burns said. "The other part is, who is going to enforce the policy? If they write it and it is not established policy at the commission with the force of law to support it, who is going to enforce it?"

ROBERTS: Burns goes after APS (again, that is) (/story/opinion/op-ed/laurieroberts/2017/02/08/roberts-bob-burns-goes-after-aps-again/97655578/)

Others said the utility should not be involved in commission elections at all.

"APS should be ashamed of itself that it feels the need to buy elections of a commission that regulates them," said Tom Chabin, a Democrat who lost a bid for the commission last year. "No other private utility in the state of Arizona participates in commission campaigns. That is the standard APS should live by."

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Much of Chabin's campaign focused on the political spending issue.

"I guess if we've got them to move this far we are proud, but it is woefully inadequate," he said.

The 2014 campaign

Prior to 2013, APS officials consistently said they did not get involved in the political campaigns for candidates for the Corporation Commission, the five-member body that sets rates and policies for utilities.

The firewall between the utility and its regulators, even though not required by law, seemed appropriate considering the company could effectively help elect regulators who would in turn boost the company's finances at the expense of its customers.

Then in 2013 things changed. Anti-rooftop-solar advertisements began to appear in Arizona with funding from out-of-state political groups. APS officials at first said they didn't know who they were involved because they couldn't see the money. **GO GREEN (HTTPS://FULLACCESS.SOURCE=BENB{MONTHLYEXCHANGE&UTM_C/**

The disclosure prompted significant backlash, as did \$3.2 million in "dark money" spent in favor of two Republicans, Tom Forese and Doug Little, who won seats on the Corporation Commission in 2014.

APS' director of external communications said there was no written policy on the company's participation in elections, and that up until then it was merely a guideline, though the company has never confirmed whether it was the source of all the funds in those 2014 races.

Friday's policy update and 2016 political spending report did not address the 2014 campaigns, and company officials declined to comment on them Friday.

Burns is now suing APS and Pinnacle West to force them to comply with subpoenas regarding the 2014 matter. APS recently dropped a countersuit against Burns.

MORE: [Utility regulators vote 3-1 to let APS slide on political finance records \(/story/money/business/energy/2017/03/14/utility-regulators-vote-let-aps-defy-orders-provide-political-finance-records/99173450/\)](http://story/money/business/energy/2017/03/14/utility-regulators-vote-let-aps-defy-orders-provide-political-finance-records/99173450/)

Even though three of the other commissioners voted to cut funding for Burns' attorney, he said the suit will continue and that the commission has the responsibility to fund the effort, as he is acting in his official capacity.

APS developed a policy regarding such spending in 2015, and Friday's announcement was a six-page update of that policy, along with a pledge to report all political spending March 1 of each year.

What Pinnacle West spent

Major 2016 Pinnacle West political expenditures were a combination of direct contributions to political parties/candidates, contributions to non-profits, membership dues and independent expenditures to groups in support of a political action committee.

\$4.2 million: Arizona Coalition for Reliable Electricity

\$4.1 million: Market Freedom Alliance

\$550,000: Arizona Grassroots Action PAC

\$410,000: AZ GOP Victory (Republican Party)

\$400,000: Arizona Cattle Feeders Association

\$175,000: Arizona Republican Party

\$132,000: Edison Electric Institute

\$60,000: Arizona Democratic Party

Source: APS/Pinnacle West

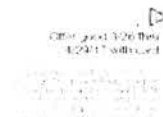
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EXHIBIT AQ

REMARKS FROM THE
THIRTIETH ANNUAL MEETING OF SHAREHOLDERS
WEDNESDAY, MAY 20, 2015

FOLLOW A LEADER

PINNACLE WEST CAPITAL CORPORATION



DON BRANDT

CHAIRMAN OF THE BOARD, PRESIDENT AND CHIEF EXECUTIVE OFFICER,
PINNACLE WEST CAPITAL CORPORATION AND ARIZONA PUBLIC SERVICE COMPANY

As prepared for delivery

THANK YOU ALL FOR BEING HERE TODAY TO LEARN ABOUT
YOUR COMPANY'S PERFORMANCE IN 2014.

Our value proposition remains compelling, and unchanged: Pinnacle West combines a solid financial foundation with superior operating performance, excellent customer satisfaction and deep community involvement. We serve an area of the country with superior long-term growth potential and a constructive regulatory climate. We are making smart investments to modernize the electricity grid, and staying at the forefront of changes taking place within our industry. In summary, we are performing well today and ready for what's next.

I'll start with our financial performance. We achieved strong earnings, our best-ever credit ratings and a record stock price.

Our stock price, which began 2014 at \$52.92, was \$68.31 on December 31—a 29 percent improvement. Pinnacle West outperformed the S&P 1500 Electric Utility Index and the overall stock market. When our stock price hit an all-time high of \$72 earlier this year, our market capitalization reached \$8 billion.

Our stock price has come down from this record high, but we are not alone. The broad utility sector has declined, due largely to speculation about rising interest rates, which are always a headwind for utility stocks and other dividend-oriented stocks.

For the third straight year, our board of directors increased our dividend, raising it by 4.85 percent to \$2.38 per share. This action demonstrates our continued confidence in our financial health and growth potential.

Arizona's economic forecasts remain positive; the reasons people want to move to our great state have not changed. We continue to anticipate healthy long-term growth for Arizona and, in turn, for APS. We are committed to exercising financial discipline as we manage costs to keep them in line with our sales growth.

Operational performance at APS again ranked among the best in our industry. It is our job to deliver safe, reliable and affordable energy to all our customers. A lot goes in to providing that power every day, and we do it as well as any in our industry. Our safety record and reliability both rank in the top quartile among our peers, and JD Power consistently ranks APS in the top five utilities in the nation for customer satisfaction.

The electricity we provide our customers comes from a diverse mix of high-performing and increasingly clean generation. Over the last two years, we have reduced our carbon emissions by more than four million tons per year. We have cut emissions of

mercury by 61 percent, particulates by 43 percent and nitrogen oxides by 36 percent. Looking forward, we anticipate reducing the carbon intensity of our power generation by 26 percent over the next 10 years.

The heart of our generation fleet, of course, is Palo Verde Nuclear Generating Station, the nation's largest power producer of any kind for 23 years running.

Last year Palo Verde produced a site record 32.3 million megawatt-hours of electricity—something no other power plant in the United States has ever done. Every one of those megawatt-hours was carbon-free.

We are modernizing our coal fleet. We have closed three older, less efficient units at our Four Corners power plant, and we are investing in additional environmental controls on the remaining units. At our Cholla power plant, we plan to shut down one unit by the end of 2016, and stop burning coal at the other units by the mid-2020s.

We are modernizing our natural gas fleet with an upgrade of our Ocotillo power plant. We will replace two 1960s-era generators, with five state-of-the-art turbines that are cleaner, quieter and use less water. Upgrading Ocotillo is a particularly important project because it will provide critical power when needed to back up and support the continued growth of renewable energy in Arizona.

Our growing renewable portfolio reached 1,200 megawatts last year—with 875 MWs coming from solar power. We expect zero emission sources to meet more than 50 percent of our new energy needs through 2029.

Our leadership in solar was recognized again this year by the Solar Electric Power Association. APS earned the number four spot nationally for solar generation, behind three—many times larger—California utilities. We have been a fixture at the top of these lists since the organization began ranking utilities in 2007.

Earlier this year, we announced an innovative pilot program that will allow residential customers, who might not be able to purchase or lease their own rooftop systems, to “go solar.” By using advanced inverters, and orienting the panels to get more solar production late in the day when our customers need it most, this initiative will provide valuable research on how to integrate the growth of distributed solar generation in a way that benefits all customers.

Another groundbreaking initiative will provide important research on how to update the century-old utility pricing model to reflect the changing way our customers use electricity.

In collaboration with the Arizona Solar Deployment Alliance, we will recruit 200 rooftop solar customers to switch to a rate that rewards them for reducing electricity use during peak periods. At the same time, these customers will be using advanced technologies to help manage their energy use such as battery storage, load management devices, and advanced thermostats.

The local solar industry will gain insights to enhance the value of their products. We will learn how new technologies and sound rate design can help our customers save money and be smarter energy consumers.

These initiatives are attracting national attention, with one trade publication commenting that they could “change the utility business model.”

APS is committed to staying ahead of ever-changing consumer technologies and making sure our system is prepared for what's next. We are proud to lead the way.

Before I leave the subject, I want to address a question I hear frequently: “If everyone agrees that Arizona should be a leader in solar energy, why is the topic so controversial?”

Most solar companies work collaboratively with utilities to serve our shared customers. This includes

international companies investing in Arizona, such as Abengoa, the Spanish company that built the innovative Solana Generating Station in Gila Bend. It includes industry leaders such as First Solar, headquartered down the road in Tempe. And it includes entrepreneurial Arizona small businesses such as American Solar & Roofing, which will be an important part of our rooftop solar pilot program. Together, we recognize that solar is a growing part of America's generation mix, but it can't succeed without a modern electricity grid.

In contrast, a narrow sector of the industry, comprised of California-based rooftop solar leasing companies, rejects collaboration.

An editorial writer for the *Arizona Republic* described it well when he said: "...the industry is conducting political attack campaigns against its perceived opponents, the incumbent utilities, disparaging their character, and trying to damage their reputations."

Why? The writer went on to explain that an important rate decision "...was going to be made by the elected politicians on the Arizona Corporation Commission. If the rooftop solar industry could make APS politically toxic, the commission might protect its subsidy."

In other words, the political and media controversy in Arizona over solar energy is not the byproduct of a legitimate policy disagreement. It is political theater, manufactured to confuse the issue and damage one of Arizona's largest employers.

At this point, I remind our long-time shareholders that our approach during rate cases in 2009 and 2012 was to successfully negotiate compromise agreements with stakeholders for the various interests: large businesses, environmental groups, low income advocates, consumer watchdogs and so on. Our record of constructive issue resolution is clear, and it is long.

In 2014, the solar leasing companies went a step further, supporting two candidates for the Arizona Corporation Commission on an explicitly anti-APS platform. This caused us to reevaluate how to ensure the interests of APS customers, employees, communities and shareholders are represented in the political process.

Whenever we make the decision to support a candidate or cause, we follow the laws regarding campaign contributions and disclosure. Our policy is published on our website for all to see. Today's shareholder proposal advocated for our company to voluntarily disclose more than the law requires.

We respectfully disagree with that point of view. This is not an energy issue—it is a campaign finance issue, for others to debate and decide. Our responsibility is to follow the law with honesty and integrity, and that is what we do.

We will advocate for sound policies that enable a sustainable energy future for Arizona. That means thinking big-picture, and looking long-term.

APS is committed to the long-term success of solar energy, to a modern electricity grid that enables future customer innovations, and to an updated electricity pricing model that is fair for all customers. These are the policy principles for which we advocate.

Our future and Arizona's future have been tied together for more than a century. We are one of the state's oldest and largest home-grown businesses. We are the state's largest taxpayer. We purchase more than \$1 billion of goods and services from Arizona companies. We support vital charitable causes all across our state.

Last year, our employees volunteered 147,000 hours in community service. If we placed a dollar value on their contributions, it would equal \$3.3 million. That is in addition to the \$10 million in APS charitable contributions throughout the year.

It is this commitment that gets APS recognized as a leader that places a high importance on giving back to the communities where we live, work and play.

I'd like to recognize a few dedicated employees who are here with us today.

Last September, I accompanied a group of APS military veterans to Washington, D.C., to accept the Freedom Award for our company. The Freedom Award is the highest honor given by the U.S. Department of Defense to civilian employers for their support of National Guard, Reserve and veteran employees.

We have a great appreciation for our nation's defenders. We value not only their sacrifices during their service in the armed forces, but also the work ethic and experience they bring to the civilian workforce. More than 20 percent of APS's 6,500 men and women are veterans.

Will our military veterans here today please stand? Thank you for being here, and thank you again for your service to our country, our state, and this great company. You can be seated.

Before I close, I'd like to turn the focus to a woman I admire, and am grateful to have known. Earlier this year, we were saddened by the passing of our board member and friend Sue Clark-Johnson. Sue was the personification of the adage "good things come in small packages."

She was a pioneer in the newspaper industry, breaking gender barriers by becoming the first female head of the newspaper division at Gannett, and advocating early on for the newspaper industry's adoption of technology.

I'm pleased to announce that with an endowed investment of \$100,000, APS has become the founding sponsor of the Sue Clark Johnson Professorship in News Innovation at the Walter Cronkite School

of Journalism at ASU. We hope others will join us in helping Sue's forward-thinking example to live on at the Cronkite School.

I appreciate the time you've taken to be with us, and I hope you come away from today's meeting with a sense of confidence in your company's financial strength, operating performance, policy leadership and commitment to Arizona—today and into the future.

Thank you.

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